

Trade union leaders considering 'planned return' to free collective wages bargaining

Steel-Rees discussion adds to Agee controversy

NUT executive censures two of its members

Labour fears abstentions

"The air force would continue to have its own distinctive uniforms and the Chief of Air Staff would remain as head of the force; but there would be no separate minister for the air force or separate administrative offices."

Discussion adds controversy

Boy died from shock after Alsatian attack

Abstentions

Conservative attack on the Government's plans will be led by Mr Ian Gilmour, shadow Secretary of State for Defence, with Mr Winston Churchill, MP for Streteford, making his first big speech as a frontbench spokesman.

Aid sought for vaccine children

They think a price contest between super-
markets might threaten their
survival by forcing small shops
selling bread. They have
previously fixed the minimum
price at 18p.

(£47m); purchase of housing land by local authorities, £50m (£62m); housing association activity financed by the Housing Corpora-

want to adopt towards broadcasting. Mr Julian Critchley MP for Aldershot and chairman of the Conservative Party's media committee, said at Fleet, Hampshire, on Saturday.

They should make it clear that they wanted the Independ-

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

Other groups in Bath, Dorset, Lincoln and Buckingham have expressed an interest in setting up local Carr-Gomm societies, and are looking for suitable

Net borrowing in the two and a half years since then has amounted to about £425 per head.

Mr Crichtley, who was com-

10-10-68

Its tenants pay economic rents to cover the running costs, but several of them are helped by supplementary benefits. Funds are raised partly through the

127, 258; 16,155, 110, 186; 17,454,
105, 189; 19,205, 128, 247.
Home Office, December 6

The Arianah committee, said: "We should resist the dismemberment of the BBC, index the licence fee, and restore the cuts made in overseas programmes. Above all, we should strengthen editorial control without compromising the scope, vigour and independence of broadcasters."

Threat to Labour property company

London, originally owned by the Bermondsey Labour Party, is being considered as a site for a new headquarters which the Labour Party intends to build as soon as plans are approved by the executive.

Technical drawing of a mechanical part, likely a bracket or support, showing a cross-section with a circular hole and a rectangular cutout. The drawing includes dimension lines and a scale bar.

[illegible]

Sixth form colleges 'deprive poor areas'

of round 10 were: Romanishi 7½ out of nine; Kajan six out of nine; Adorjan 5½ out of nine; Smyslov five out of nine Tarjan five out of 10 and one adjourned.

100

Lisbon	r	10	60	New York	c	12	24
Los Angeles	r	4	59	Nice	r	12	24
London	r	7	41	Oslo	sn	12	24
Luxembourg	sn	10	52	Paris	r	12	24
Madrid	r	4	44	Prague	r	12	24
Malaga	r	14	57	Rome	r	11	21
Marseille	r	14	57	Stockholm	r	12	24
Manchester	r	5	41	Tel Aviv	r	15	30
Miami	c	15	55	Tokyo	c	14	28
Montreal	r	14	57	Venice	c	4	20
Moscow	sn	9	21	Vienna	c	1	17
Munich	r	14	57	Warsaw	c	6	27
Nagasaki	sn	12	24				

**Angela Rippon is
song hostess**

39 pr 37 prs 37 prs 37 pr

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leges areas' North-east of England puts case against devolution proposals

By John Charlton

Verbatim reports of an anti-devolution conference at Newcastle upon Tyne at the weekend are to be sent to Mr. Callaghan, members of Parliament representing constituencies in the North of England, and to almost anyone else in England who may be interested in the effects of the Government's devolution proposals.

The conference, convened by the Tyne and Wear Metropolitan Council, was a remarkable demonstration of the strength of feeling in the North-east of England against the devolution plans for Scotland and Wales. It was the first time that so many people from the North-east had gathered to discuss the proposals.

Mr. Callaghan, who is the Minister of the North-east, was the guest of honour at the conference. He was welcomed by Mr. John Gifford, the Mayor of Newcastle upon Tyne.

Mr. Gifford said that the conference was a demonstration of the strength of feeling in the North-east against the devolution plans. He said that the proposals would mean that the North-east would be a part of a new country, and that this would be a disaster for the region.

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Pupils kept at school for 3 hours by police

A group of 22 fifth-form pupils was kept at school until more than three hours after lessons ended while being questioned by police about the disappearance of a stop-watch earlier in the day.

No attempt was made to inform the parents nor were they asked if their children could be interviewed, according to the education magazine, *Where*, which reports the case today.

The magazine, published by the Advisory Centre for Education, says the children were kept in a gymnasium at their comprehensive school in Thetford, Norfolk, for four hours last night and were given no refreshment.

It also alleges that the school telephone was left unmanned and that parents' requests for the children to be released were ignored.

Mr. Gordon Taylor, Chief Constable of Norfolk, said yesterday that a complaint was made by a parent and an inquiry had been carried out. "I have expressed my regret in writing to the parent who complained that the investigation was so protracted and that provision was not made to inform anxious parents of the situation," he said.

"It was very unfortunate that the investigation took so long. But it was felt by the officers that the incident could be more positively dealt with by an immediate investigation which, in fact, led to the watch being recovered."

The magazine says that the police, with the cooperation of the head, appear to have acted illegally and in contravention of Home Office directions by effecting the detention of the children under arrest. It recommends that parents and teachers should discuss guidelines to be adopted when a possible theft or misdemeanour has to be dealt with.

The magazine says that while the head was probably justified in calling in the police, the situation seemed to have got out of control in regard to parents' and children's rights.

Industrial democracy 1: The nature of the debate about participation Pitfalls on slippery slope to the commanding heights

By Peter Hennessy

An addition to the vocabulary of politics has been made in recent years with the arrival of the so-called "slippery slope" issue. Devolution is a present example, human rights another on the horizon. A third instance is lying in wait in the shape of the Bullock report on industrial democracy.

The feature common to all slippery slope reforms is that they are Hobbesian "leaps in the dark". Each slope is strewn with pitfalls and nobody, least of all the policy-makers, can be sure at which point on the slope the matter will rest.

Industrial democracy lies at the heart of Britain's worries about economic survival and trade union power by linking the two in the shape of a reform, to which the Government is committed by putting worker-directors on the boards of big companies by legal right. To the most outspoken of the doubters, Bullock's terms of reference were rigged from the start. It was a question not of whether the Government legislated on industrial democracy, but of when and in what way.

The scope of the debate that will rage from the publication of the Bullock report later this month until the Industrial Democracy Act receives the Royal Assent in 1978 and possibly beyond if a Conservative government is elected meantime) is conveniently reflected in the report, in its majority and minority versions.

Lord Bullock, who, as the biographer of Ernest Bevin, is well aware of the inexorable shift towards the recognition of union power since his subject's arrival in the War Cabinet in 1940, is joined by three union members of his committee and its two academics learned in labour law and industrial relations, in the majority statement.

They recommend worker-directors sitting on a unitary board in equal numbers with shareholders, and a smaller group, with a third and smaller group from whom the chairman would be found, chosen equally by both the worker and shareholder board members to achieve overall parity.

That is the so-called 2X+Y formula. Workers in the X group would be drawn from the employees of the company concerned. Workers in the Y contingent would be full-time union officials.

The majority scheme would apply to the country's leading 600 firms with more than two thousand employees. Participation, which the existing board will be legally unable to refuse, would be initiated by one or more of the company's recognized unions, representing at least one fifth of its employees, asking for it.

A simple majority of all employees, both union members and non-unionists, is required in a universal secret ballot. The electoral college for selecting worker-directors thereafter would be a company council made up exclusively of union representatives.

The committee's three members from the Confederation of British Industry declined to put their signatures to that scheme. Mr. Norman Biggs, former chairman of Williams and Claydon Bank, Sir Jack Callard, former Chairman of ICI, and Mr. Barrie Heath, chairman of Guest, Keen and Nettlefold, want a slower introduction of participation, with workers sitting in a minority on a supervisory board in a two-tier structure.

Participation, they argue, should involve all employees, not just trade unionists, at every stage. It should not be introduced in a company until an employees' council has been in successful operation for at least three years.

Banks and insurance companies should be exempt from any scheme in order to preserve confidentiality and the reputation of the City of London as a world financial centre.

A separate note of dissent is appended by the tenth member of the committee, Mr. Nicholas Wilson, a partner in a firm of solicitors, Slaughter and May. He speaks for those who believe governments cannot legislate for virtue, and wants participation to be applied voluntarily, not legally.

The debate revolves around the contention that a period of grave economic uncertainty and manifest social disharmony is no time to embark upon so risky an experiment which, once implemented, cannot be undone and the counter-argument that none of these ills is capable of remedy without a fundamental change in economic and social relationships.

Mr. John Methven, Director-General of the CBI, who was on the Bullock committee but resigned last July when he took up his present post, is perhaps the most outspoken of the pessimists. In a speech to the Institute of Personnel Management in October he portrayed union participation in pension funds and the Government's plans for worker-directors as the thin end of a sinister wedge involving an attempt by the unions to dominate the commanding heights of the economy.

"The CBI will fight the extremely dangerous drift in government policy towards franchising non-unionized workers," he told the institute.

Mr. Booth, Secretary of State for Employment, who, with Mr. Wedgwood Benn, Secretary of State for Energy, is the Cabinet's most fervent advocate of

All protagonists in the argument cite in their support the West German experience where codetermination has been a feature, particularly in the commanding-height industries of coal, iron and steel, since 1951. The CBI wants participation to be built from the ground up and expressed, German-style, primarily through works councils representative of all employees.

If that gradualist approach proved successful, legislation standardizing the best existing practices might be possible within the 10-year period envisaged in the EEC Green Paper on the subject in 1975.

Mr. Prior, a Conservative spokesman on employment, wants participation "enshrined through codes of practice rather than statute", with possible minority worker representation on the board. The Tories would give the whole thing a financial incentive through profit-sharing.

Typically, in Britain the debate is conducted in a nineteenth-century fashion involving comparisons with the great Reform Act of 1832, which extended the electoral franchise, and with distinct overtones of Robert Lowe's famous dictum: "Now we must educate our masters."

Mr. Prior wants a joint training programme for shop stewards and management. Mr. Booth talks of "a major training programme" for worker-directors.

Whether you believe that strife will be permanently built into the country's foremost wealth producers by the Government's plans or at long last a long-term solution will be found to our industrial woes, and a new legitimacy given to management, the reality may turn out to be disappointingly prosaic.

Mr. Eric Battison, of Warwick University, who compiled a study of Western European practice for the Bullock committee, told his sponsors: "Two conclusions can fairly easily be reached: first, worker-directors have generally had little effect on anything, and second... they have certainly had no catastrophic effect on anything or anybody."

To be continued

Andy Bevan's secretary to discuss

Mr. P. J. Bevan, Secretary of the Scottish Development Agency, is to discuss the future of the agency with the Scottish Government.

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Last end tries to shake off an albatross

Among candidates for any British programme of urban renewal, the east end of Glasgow has a shabby head and a shabby heart.

The population has fallen by two thirds in two decades; the middle managerial professional classes started long ago to leave; the economic performance of the area is generally low; the level of crime and vandalism is uncomfortably high; there is a large proportion of single-parent families; and there are not enough baths and stories.

Even in good economic times it is said to be one of the most depressed areas in the country.

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ngs New theatre director is excited but terrified

Our Arts Reporter

Miss Clare Venables faces the new director of productions for the Theatre Royal at Stratford, in east London, is that the Theatre Royal is a old building and needs much renovation. "Getting money for a new theatre is more difficult than getting money for a new house," she said.

We do get various grants from Arts Council, the GLC and local authorities, but we are not rich by any means. The theatre broke down over Christmas, it has been a disaster and the theatre is warm again. It is one of the hazards of working in a Victorian theatre."

She has worked with members of the permanent company all over the country in the past 12 years. She envisages a mixture of productions, including new works by the "greats". The present production of *Old King Cole* has been followed next month by *Sean O'Casey's The Silver Case*, and then the company will do *A Taste of Honey*, an old play, and the other plays.

Miss Venables, who has complete control of artistic policy and the responsibility of future programming, said her new appointment was "very exciting" and added: "I am absolutely terrified". But the theatre was an "incredible heritage, a lot to live up to."

300 doctors back women's right to choose abortion

Three hundred doctors who believe that women should be allowed to decide for themselves whether to have an abortion have formed a new group, Doctors for a Woman's Choice on Abortion.

They want changes in the law so that women make the final decision, not doctors. "Such a move would not amount to abortion on demand, as doctors would not be forced to do abortions against their will," Dr Judith Barry, the group's co-ordinator, said yesterday.

"We want to show that there is a large and growing number of doctors who support the idea of a woman's right to choose," she said.

The group will press for a more even spread of facilities for abortions, through the National Health Service. At present a woman is eight times more likely to get a health service abortion in Newcastle upon Tyne than in Birmingham.

By-election choice

A movement called New Britain, which wants to halt coloured immigration, is to contest the parliamentary by-election in the City of London and Westminster, South, caused by the resignation of Mr. C. Tugendhat, who has joined the EEC Commission. Its candidate is Mr. Dennis Delderfield.

At the general election Mr. Tugendhat (Conservative) had a majority of 5,761.

Couple found dead

Mr. John Joseph Smith, aged 65, a retired dockworker, and his wife, Mabel, aged 64, of Milnthorpe Street, Garston, Liverpool, were found dead in their home on Saturday. They had not been seen since December 31. The police do not suspect any crime.

Five of family die in fire Despite rescue attempts

A family of five died in a fire at their terraced home in Road, Newton Aycliffe, Durham, early yesterday.

They were Mr. Kenneth Kitching, 45, his wife, Florence, 45, two of their children, aged six and Gail, aged 10, their grandmother, Mrs. Walker, aged 67.

Other children, who were in safety, David and Stephen Kitching, were taken to hospital. Mr. Kitching was taken to hospital from shock and was

Miss Clare Venables: "A lot to live up to"

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To make an appointment or for information contact the Information Officer, Export Credits Guarantee Department—quoting reference TJ—at Glasgow, Belfast, Leeds, Manchester, Birmingham, Cambridge, Bristol, London West End, Croydon or Tottenham offices, or Joan Swales, Information Section, ECGD, Aldermansbury House, London EC2P 2EL. (Tel: 01-606 6699, Extn. 259).

WEST EUROPE

Basque boy dead as police clear crowd

Bilbao, Jan 9.—A boy of 15 was reported killed today as riot police fought with nearly 10,000 demonstrators in the Basque town of Sestao.

Hospital sources said that the youth had been found dead in a street while police dispersed the crowd with smoke bombs, tear gas and rubber bullets. Some demonstrators later said he had fallen while jumping a wall to escape police.

The boy was identified as Juan Manuel Iglesias Sanchez, the only son of a Bilbao factory worker.—Reuter.

Our Madrid Correspondent writes: The Government permitted Spanish parents this weekend to name their children as they see fit.

An order published at the weekend authorizes the inscription of the name "the full name of the child" in official birth records.

Spain has at least four distinct languages and many dialects. The change is important especially in regional nationalist groups, who have long chafed under the central Government's requirement that children should bear names in Castilian.

The Ministry of Information and Tourism ordered the confiscation of the latest issue of the Basque weekly publication *Giz-argia*. No official reason was given, but it is believed that the authorities were annoyed by an article about police actions in the Basque country.

The publisher of another Basque magazine, *Elizkari*, is in prison awaiting court-martial on a charge of disrespect to the military. The publisher, Señora Mirentxu Purroy, is accused of having printed a letter from a reader alleging excessive police violence last month.

In Pamplona, the editors of the Basque periodical *Berriak* received another threat, by mail, in an envelope bearing a San Sebastian postmark, from the Basque Commando Group of Adolf Hitler. The right-wing extremists said that the magazine "has been sentenced to an attack on its offices, like the one in San Sebastian". The San Sebastian offices of the magazine were destroyed by arson last month.

New leader for Maltese opposition party

From Our Correspondent, Valletta, Jan 9

Dr Edward Fenech Adami, aged 42, was elected today as leader designate of the Maltese opposition Nationalist Party. He will succeed Dr George Borg Olivier on a day to be decided by the party executive in consultation with the outgoing leader.

Dr Fenech Adami is a law graduate of Malta University, and president of the party's national council and administrative council. He is Shadow Minister of Labour and Social Services and was for seven years editor of the party paper.

Enigma of why Arab terrorist leader risked visit to Paris

From Paul Martin, Paris, Jan 9

Abu Daoud, held tonight in custody by French counter-intelligence, is one of the most daring leaders of Black September, the Palestinian terrorist organization.

His role in the Munich Olympics massacre in 1972 was to map out locations and movements of the Israeli athletes' quarters, arrange for the supply of weapons, and make operational orders for the terrorist kidnapping team.

Originally a lawyer, he rose to new heights after the Munich operation only to be captured four months later when he led a team of guerrillas trying to kidnap members of the Jordanian Government. His "confessions" of Black September secrets under Jordanian interrogation provided the most surprising intelligence to date on the structure and workings of the Palestinian movement's terror wing.

Since the Jordanian débâcle he has played a somewhat diminished role in the power structure of Al Fatah, though he has remained a member of the Revolutionary Council of the Palestine Liberation Organization (PLO). Moreover he has powerful friends in the leadership including Salah Khalaf (Abu Iyad), the creator of Black September, and leftist leaders in the organization like Najji Aloush and Munir Shafik.

During the Lebanese civil war, Mr Abu Daoud led the Beirut military campaign that spearheaded the leftist army's thrust into the hotel district of Beirut.

The presence in Paris of this tall, bulky Arab has raised suspicion over the true worth of Mahmoud Saleh, whose funeral he came to attend. Mr Saleh, a 33-year-old PLO official of Mauritanian origin had once been temporary head of the PLO office in Paris. But nominally he did not hold high office and he was not a member of the PLO's executive committee.

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Abu Daoud: A daring leader fallen from grace.

Mr Saleh was the fourth Palestinian guerrilla official to be assassinated in Paris in as many years. The PLO claimed last week that his murder was part of a new Zionist assassination campaign in France aimed at liquidating the movement's European connections.

Whatever importance Mr Saleh may have had, the PLO responded promptly by sending an unexpectedly powerful delegation to mourn him. In the first place it was led by Mr Muhammad Abu Maizer (Abu Hatem), the member of the PLO executive committee in charge of foreign relations. Secondly, it included Mr Abu Daoud.

As Youssef Raji Hana, the false identity given in his forged Iraqi passport, Mr Abu Daoud was received with his fellow-mourners at the Quai d'Orsay on Thursday.

It was not until Friday night, after the Salah funeral, that the counter-intelligence men descended on Abu Daoud's hotel, La Résidence, and the red warning circular, put out by the West Germans for his arrest, they took him into custody. He has since been held without any official comment.

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Lisbon plans cash aid for private firms

From Richard Wigg, Lisbon, Jan 9

The Socialist Government in Portugal is preparing measures to help private firms to overcome financial difficulties resulting from the country's economic crisis. Dr Antonio Sousa Gomes, the Minister of Economic Coordination, said when he took over temporarily the Ministry of Industry at the weekend.

The Government would first have to be satisfied that the companies could be made economically viable and performance a role really useful to the economy.

Many small and medium-sized private firms with inadequate capital before the 1974 revolution have since been in financial trouble because of the wage explosion in 1975, rising costs of raw materials and falling demand. The banks have often had to finance wage bills.

Dr Gomes emphasized also the continuing fundamental role of the state sector. All three state secretaries who worked with Dr Walter Rosa, the Minister of Industry who resigned last week, have been confirmed in their posts.

They are criticized by the Portuguese Confederation of Industry for their alleged left-wing views.

At Dr Gomes's swearing-in ceremony, President Eanes also insisted on a clear definition of the role of private investment, so as to encourage private savings.

"It is not a crime against society to be successful," General Eanes said. "No one should be punished for achieving success within well established rules."

Dr Soares, the Prime Minister, had his Government's economic policies approved overwhelmingly at a meeting of the party's national council of 126 members last night. But the police were called to prevent five left-wing Socialists, they took him into custody. He has since been held without any official comment.

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OVERSEAS

Mr Carter's Vice-President to discuss economic issues on his tour of Allied capitals

From Fred Emery, Washington, Jan 9

Mr Walter Mondale will visit London and capitals of other American allies, including Tokyo, in two weeks' time. The itinerary is not yet fixed but, beginning in Brussels on January 23, the Vice-President will make a series of round-the-world trips to Tokyo, via London, Paris and Bonn, as Mr Carter's personal emissary.

Italy is the principal partner left out, partly because of time, according to informed sources, and partly because Signor Andreotti, the Italian Prime Minister, visited Washington before Christmas and had a long meeting with Mr Mondale and Mr Cyrus Vance, who is to be the next Secretary of State.

Mr Mondale issued a statement calling his journey a presidential "fact finding and consultation" mission on economic issues.

This is expected to be held in late May or June and Mr Carter said yesterday that he would attend, making it the only exception to his wish to stay at home during his first year in office.

London has been discussed as the site of the summit, but the Japanese Government also feels it got its invitation in time at the close of the last meeting in Puerto Rico, last June.

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Local Government, Public & Educational Appointments

Northumberland County Council

COUNTY TREASURER
£10,740-£11,514

Applications are invited from qualified accountants with wide relevant local government experience and proven management ability to succeed the present holder of this appointment who will become the County's Chief Executive on 1 May 1977.

The County Treasurer is responsible for the proper administration of the Council's financial affairs, for the management of the Finance Department, and as a member of the Chief Officers' team will participate in all the corporate activities and work of the team in relation to the Council's work as a whole.

Application forms returnable by 28 January 1977, and further particulars from the Chief Executive, County Hall, Newcastle upon Tyne, NE1 1SA.

Loughborough High School

DIRECT GRANT GRAMMAR SCHOOL FOR GIRLS
LOUGHBOROUGH LE11 2DU

Applications are invited for the post of

HEAD

which will become vacant on 31st December, 1977. Applicants should be Honours Graduates of a British University, with teaching experience. Loughborough High School is a Direct Grant School which is becoming independent, with 560 girls in the Upper School, including 45 Weekly Boarders.

Further details may be obtained from The Clerk to the Governors, Loughborough Endowed Schools, 6 Burton Walks, Loughborough, Leics. Tel. (STD 0509) 68821.

ROYAL GRAMMAR SCHOOL

GUILDFORD, SURREY

APPOINTMENT OF BURSAR

The School becomes independent in September 1977, and the Governors are seeking a person with proven experience in administration and business management. A similar role or career in industry, commerce, public service, or armed services would be relevant. The successful candidate would start work in the next few months.

A full account of the School's circumstances and of the responsibilities of the Bursar may be obtained from the Clerk to the Governors, The Royal Grammar School, High Street, Guildford, Surrey, GU1 3BS.

University of Exeter

Applications are invited for a third Chair of Education, tenable from 28 September 1977. The specific field is prescribed for the Chair: qualifications in curriculum or educational psychology will be of particular interest but applicants with an established reputation in a different aspect of education (for instance, in overseas education) will be given equally serious consideration. The salary will be on the agreed professional range: minimum £8,100, average £9,488 p.a.

Further particulars may be obtained from The Academic Registrar and Secretary, UNIVERSITY OF EXETER, Northcote House, The Queen's Drive, Exeter, EX4 4QJ, to whom applications (13 copies, overseas candidates 1 copy) should be forwarded so as to arrive by Friday, 4 February 1977.

Please quote reference 115/3148

DEAN

of the City University
Business School

The post, which is open to both men and women, has fallen vacant following the retirement of Mr David Glen, O.B.E., M.A. The salary for the post is within the range for professors, and superannuation is in accordance with the provisions of the Universities Superannuation Scheme.

Further particulars may be obtained from The Academic Registrar, The City University, St. John Street, London EC1V 4PB

THE APPOINTMENTS COMMITTEE OF THE FACULTY OF ARCHAEOLOGY AND ANTHROPOLOGY INVITE APPLICATIONS FOR A

UNIVERSITY LECTURER AND A UNIVERSITY ASSISTANT LECTURER IN ARCHAEOLOGY

and intend to make one appointment in each of the following fields of study:

ANGLO-SAXON AND CELTIC ARCHAEOLOGY, PREHISTORY, WITH SPECIAL REFERENCE TO EUROPE, FROM THE END OF THE BRONZE AGE

The holders of both appointments will be required to take part in the teaching of the students and to assist in the direction of field classes and excavations. The appointments will be made on the basis of the University's policy on the recruitment of staff. The University is a member of the Universities Superannuation Scheme. The post of University Assistant Lecturer is a full-time post, and the post of University Lecturer is a part-time post. The University is a member of the Universities Superannuation Scheme. The post of University Assistant Lecturer is a full-time post, and the post of University Lecturer is a part-time post. The University is a member of the Universities Superannuation Scheme.

Applications should be sent to the Secretary of the Appointments Committee, Faculty of Archaeology and Anthropology, The City University, St. John Street, London EC1V 4PB. The closing date for applications is 15 February 1977. The University is a member of the Universities Superannuation Scheme.

ARE YOU

Danish, Dutch, German, Japanese or Russian?

Do you have an educational qualification—degree level or equivalent?

Could you teach your own language to others?

Then we need you now.

For full details, contact

MISS R. READ, BERLITZ SCHOOLS OF LANGUAGE LTD., 75 White Street, London, W.1.

01-488 1891, ext. 55.



The London Graduate School of Business Studies

LECTURER IN

ORGANISATIONAL BEHAVIOUR

Applications are invited for the post of Lecturer in Organisational Behaviour. The successful candidate will be required to teach and supervise students in the field of organisational behaviour. The post is a full-time post. The University is a member of the Universities Superannuation Scheme. The post of Lecturer in Organisational Behaviour is a full-time post. The University is a member of the Universities Superannuation Scheme.

Further particulars may be obtained from The Academic Registrar and Secretary, The London Graduate School of Business Studies, Sussex Place, Regent's Park, London, NW1 4SA. Telephone: 01-262 5050. From whom further details may be obtained. Closing date for applications: 15 February 1977.

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The University of Leeds

DEPARTMENT OF BIOCHEMISTRY

Applications are invited for a Lecturer in Biochemistry. The successful candidate will be required to teach and supervise students in the field of biochemistry. The post is a full-time post. The University is a member of the Universities Superannuation Scheme. The post of Lecturer in Biochemistry is a full-time post. The University is a member of the Universities Superannuation Scheme.

Further particulars may be obtained from The Academic Registrar and Secretary, The University of Leeds, Leeds, LS2 9JT. Telephone: 0113 275 1247. Closing date for applications: 15 February 1977.

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Cranfield Chair in Product Management

The National College of Agricultural Engineering (which is a School of the Cranfield Institute of Technology) intend to appoint a Professor of Product Management who will be responsible for the development of the product management discipline in the College and for the supervision of the research and development work of the College.

Further particulars may be obtained in confidence from: Professor B. A. May, HEAD OF THE NATIONAL COLLEGE OF AGRICULTURAL ENGINEERING, SILSOE, BEDFORD, MK45 4DT, TELEPHONE: SILSOE (STD CODE 0525) 60425.

Council for National Academic Awards

APPOINTMENT OF ASSISTANT REGISTRAR

A vacancy has arisen for an Assistant Registrar (Education) to the Council for National Academic Awards. The successful candidate will be responsible for the administration of the Council's affairs and for the supervision of the research and development work of the Council.

Further particulars may be obtained in confidence from: The Council for National Academic Awards, 221, 223, Gray's Inn Road, London, W.C.1. Telephone: 01-477 1111.

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New Printing House Square, London, WC1X 8EZ. Telephone: 01-837 1234

RISKING THE DOLLAR

needs no stressing that the state of the United States economy is of critical concern to the rest of the industrial world. The failure of the American recovery to manifest itself with any real vigour last year was the longest single contributory factor in the general depression which the rest of the world has failed as yet to emerge. It has been a constant theme of the Chancellor of the Exchequer that deficit countries, like the United Kingdom, are severely hampered in their struggles to restore equilibrium by the fact that those in a stronger position have not taken sufficient reflationary action to counteract the effects of the Opec oil price rise on the general level of Western industrial activity.

From this point of view there are many, in this country at least, who welcome the indications at the weekend that Carter will make substantial monetary reflation a central and vital part of his policy. It had, in his commitments during the election campaign, been assumed that this would be the case. A major plank in his platform had been the pledge that he would "get America back to work". Much of his criticism of President Ford related to the fact that he was allowing unemployment to rise unnecessarily. As a Democrat and populist, Mr Carter by instinct and political calculation has been concerned with these questions than with inflation and the erosion of the dollar, which are more traditional concerns of bankers, Wall Street and the Republicans.

In the event Mr Carter has

shown a strong degree of caution in his proposals. The total sums involved are somewhat less than had been expected, both in their estimated effect on the economy and in their prospective extra burden on the federal budget deficit. Even more important, the measures that have been announced are to be spread over two years and not concentrated into one. This has the advantage of reducing the economic, while leaving largely intact the political, impact of the package. Such a strategy, however, carries with it the real danger, if the American economy now belatedly picks up fast in 1977, that the new President will consider himself politically committed to a further bout of reflation in his second year, when other considerations might be arguing for greater caution.

Such caution on the part of Mr Carter in deciding the size and shape of his reflationary package will, however, still not be enough to convince those of a monetarist persuasion of the wisdom of what he proposes. Although inflation in the United States is at a lower level than in many less happy countries, it certainly could not be said to be under control, or that inflationary expectations had been anything like fully wrung from the American system. Further, there is some irony in the fact that while the United States has taken a strong, if quiet, position that the British public sector deficit is too high and should be reduced as a condition for IMF loans and sterling balance safety nets, the United States has a budget deficit that is a higher proportion of its gross national product and that the

incoming President now proposes to increase it.

A monetarist would now forecast, if as seems likely Mr Carter has his way with the Congress and with the Federal Reserve Board, that the rate of inflation in the United States would be showing clear and unwelcome signs of rising again during 1978. The steady weakness of the dollar in the weeks since Mr Carter won his election may be taken as evidence that the foreign exchange markets are taking the same view. As a consequence the pound is deriving some relative benefit, but this is an insignificant consideration compared to the future health of the most important currency in the world.

The danger is that Mr Carter will be tempted to follow the course of economic policy adopted in the United Kingdom under the last Government. The notion that the maximum use should be made of human and other resources by stimulating economic activity, while keeping inflationary pressures in control through formal or informal policies for prices and incomes, has its obvious political attractions. The lesson of the last decade, however, must surely be that economic policy can only work when it is applied in all its aspects, fiscal, monetary and prices and incomes, in the same direction. If fiscal and monetary policy are set on expansion, prices and incomes policy is too frail a reed to contain inflation, the more so in the United States which is an infinitely larger and more dispersed economy than that of the United Kingdom.

HE CONTRADICTIONS THAT FACE MR RICHARD

Richard has certainly got less than he hoped out of the meeting of the five front-line presidents in Lusaka. They have not forced a British presence in Rhodesia as an element in a transitional regime, or as a sufficient surety for calling off guerrilla war. They have not effected it either, so Mr Richard's position between the lines may be that the Presidents will give the end of a thread still to follow through the jungle when meets them today.

But some such endorsement is badly essential to moving Mr Richard off the line taken last week by Mr van der Byl, his foreign minister. The Presidents' position that what will end the guerrilla war will be the end of colonialism, oppression and racialism will rather give Mr Richard more arguments for rejection. British proposals, even if the meeting, given the composition of the meeting, was a necessary antithesis.

Such more important is the President's decision openly to back the Patriotic Front, the force led by Mr Nkomo and Mugabe (with Mr Nkomo increasingly like Mr Nkomo's prisoner). They have in effect been nominated as official Zimbabwe negotiating successor body, and the British are specifically merged with them in their positions. They have made their extreme demands of in effect, the biggest inroads into Kissinger proposals—press-

ing for a shorter transition, an interim government to be dominated by Africans before elections, African control of the security forces, a small (if any) role for a British chairman, and proceedings against those responsible for the illegal regime since 1965.

It would seem therefore that President Nyerere will in effect have to advise Mr Richard that what he can agree with Messrs Mugabe and Nkomo will be acceptable to the front-line presidents, and that it is up to Mr Richard to ensure that what has been agreed by him with Messrs Mugabe and Nkomo becomes acceptable to Mr Smith—and Mr Vorster.

This complicates any efforts at mediation. Quite apart from Mr Smith's reaction, it will almost certainly not be acceptable to Bishop Muzorewa and Mr Sithole (who claims he leads the Zanu faction and not Mr Mugabe). The indications are that if an election were held among the Rhodesian blacks immediately Bishop Muzorewa would win handsomely over Mr Nkomo's candidates. The Bishop may well see in the Lusaka communiqué an open warning to his followers to change sides for their own future good, which he is liable to resent as interference with internal Zimbabwean affairs and an effort by Mr Nkomo to save his political fortunes by unfair means. This will be a very useful Mr Smith's arguments, whether or not it frightens the Bishop's supporters

into abandoning him, and he into joining the Patriotic Front.

Mr Smith can now indeed feel that this anathematizing of the Bishop from Lusaka opens a rift into which his own tame African independence party can be inserted, to garner African support for the Kissinger plan which at least (he can say) would postpone inter-African violence. He can add that Lusaka has now removed any chance of an effective British role—to reassure whites of a fair deal as well as Africans that change is irreversible—whether or not he withdrew his opposition to it.

It is hard to follow Mr Richard's reaction that the communiqué should please Mr Vorster. In effect it now requires him to put pressure on Mr Smith not just to accept modifications to the Kissinger plan (which Mr Vorster could justify to his restive constituents) but to accept a plan for the rather prompt replacement of himself and his colleagues by a Patriotic Front government with some white participation. Mr Richard must in fact ask Mr Vorster to go much further than Dr Kissinger did, without Dr Kissinger's special leverage.

It is difficult to think that these complications can be sorted out in the eight days left before the conference is reconvened. At which the Patriotic Front will claim solely to represent the Africans. Indeed, the basic decisions can now only be taken in Africa.

avid Wood

the EEC, not quite holeheartedly

one of the least amiable of our political figures to take for granted that all things British are necessarily best, and that it has been aided by providence that we sacrifice our ease to send monies carrying the word from minister to peoples who live in need and ignorance. For that on, correction seems obligatory on the part of the extreme right-wing, comment about the blitheness on the commanding heights in the European Economic Community of two of the ablest of our politicians: Mr Anthony Clark as President of the Council Ministers for six months, and Mr Jenkins as President of the Commission in Brussels for an at four years.

very well, it has been expansively stated, give to the Community a critical hour the stronger leadership and direction it so badly needs, resolve the most immediate items on sight, cut Communism, and if need be emulate Moses part the English Channel to Western Europe into the raised land. I ask leave to doubt it so much because they can claim to be the most remote and by politicians of their generation rather because they start from a European governmental base of European commitments. Perhaps the best service they render, he might now train upon it, will be to reconcile the two, as many of their own Labour colleagues high and low, to a Euro-destiny, and to serve as jokers from there to here.

ter all, Mr Crosland belongs, Mr Jenkins used to belong, to a government and a party that has been able to make up its mind about membership of the EEC, he would be a fool of a poli-

tician within the original Six who did not recognize that, in 1966 Sir Harold Wilson and the Cabinet turned towards membership only as an expedient to wriggle off the book of devaluation and when they returned to power in 1974 they resorted for party reasons to the gamble of a referendum to confirm British membership.

Like Sir Harold, Mr Callaghan as Prime Minister shows his lukewarm pragmatism about Britain in Europe by sending to meetings of the Council of Ministers a succession of ministers such as Mr John Silkin, Mr Tony Benn, and Mr Peter Shore, who are hostile to nearly every idea and ideal of Europeanism. The Commons Mr Callaghan makes no attempt to avoid the impression that Britain is in Europe for what he can get, above all a food subsidy of £1.5m every day of the year. More than that: when the Labour delegation to the European Parliament elected a leader, Michael Stewart, they chose a Tribune Mr John Prescott who would not touch the EEC with a barge-pole if he could help it.

No wonder Bonn bridled when Mr Jenkins tried to dictate a change in the choice of West Germany's Commissioner; no wonder he sat, *primus inter pares*, for the best part of a day and night last week to persuade his 12 fellow Commissioners to accept his judgment of how portfolios should be matched to men. No wonder Mr Croxall asks himself how long it will be before he succeeds Mr Healey at the Treasury, knowing there can be no change until his six months' tenure of the Council Presidency and the conference of the Commonwealth Prime Ministers in June come felicitously to an end. Apart from their personal commitment to Europeanism, their leadership must be limited by the Labour Government's demonstrable halfheartedness about membership, except where the Cabinet seeks clear political and financial advantage.

Nor can it be said that the House of Commons shows much awareness of Britain's membership of the EEC. Today MPs return from the Christmas adjournment, and the day's first business will be one of the rare debates about the EEC's impact on Britain. Several debates

one after the other, in fact, starting with developments in the Community between May and October, 1976, and moving on to Commission documents dealing with credit institutions, banking legislation, and a European export bank. There will be a painfully thin attendance, and the discussions will be sustained by a platoon of specialists in Community affairs.

Now it is true that Sir Harold Wilson, Mr Heath and Mr Callaghan, in turn as Prime Ministers, have kept their pledge to make regular reports to the House on the meetings of Councils of Ministers and Heads of Government. A Minister of State from the Foreign Office conscientiously announces the Council's programme for the following month. There are committees of the House to scrutinize EEC secondary legislation (so called), although the reports attract little or no political readership. Very occasionally, as today, the committee's reports and warnings lead to a brief debate in the Commons.

Yet it is all little better than a facade, a casual gesture in the direction of Europe. Consider the *Hansard* of December 23 starting at column 911. Mr Foot, the anti-Europeanist Leader of the House, was announcing business for the week ahead, and for today he reeled off a list of European Commission documents by meaningless reference numbers. He chose a day for the debates, incidentally, when the European Parliament would be assembling in Luxembourg, and most specialists on EEC affairs would certainly be out of the country. More to the point, though, Mr Foot came to the House without knowing what the EEC legislation now brought under question was that he had put down for debate.

In short, on the anniversary of four years of EEC membership, Government business managers in the two Houses, for all the virtues of our parliamentary system, have yet to find a procedure whereby influence Government action flowing out of the Commission over which Mr Jenkins now presides. In more ways than one Europeanism at Westminster is only skin deep. The necessary adjustment to European membership has still to be made. Whatever it may be, it has not the smack of strong European leadership now or for some time.

Policy on pension schemes

From Lord Byers

Sir, Sir Alastair Pilkington makes a sensible and important plea for greater unity in policy making between the major parties (*The Times*, January 4) and he cites the Social Security Pensions legislation which proceeded through both Houses without a hostile vote on any of its major stages.

The unity which was then established is now being jeopardized. To some extent this is, as Sir Alastair says, because of the rather unclear terms of the White Paper on trade union participation in the running of occupational schemes, a position which I believe will, in the end, have to be modified.

To an even greater extent this unified approach is being undermined by the determination of the Government to continue its policy of restricting the improvements of occupational pension benefits above the absolute minimum required to contract out, unless the cost is set against the pay limits, and its insistence that no new policies for occupational pensions be introduced until the next stage of the pay policy is upon us in July of this year.

Companies find it virtually impossible to carry out meaningful consultations when they do not know whether or not they will be able to implement the policy thus agreed. Above all, the time factor in bringing the new Act into operation is now crucial. The date for this is April 1978 in theory but in practice decision will have to be made well before the end of 1977—this year.

Lord Allen of Abbeydale, Chairman of the Occupational Pensions Board, was reported in *The Times* on December 2 as predicting the possibility of complete chaos if more haste were not made in deciding whether or not to contract out of the new state scheme.

Sir Donald Sarrent and others made the same point most forcibly in your columns on December 22.

If a statement of government strategy is to be delayed until the next stage of the pay policy is settled, as I understand it is, one is entitled to ask the Government how they expect negotiations to be completed and applications of companies to contract out to be processed by the OPB in time for the schemes to run from April 1978.

If there should be any delay we risk the deprivation, once again, of hundreds of thousands of future pensioners who will get that lesser provision in retirement which delay inevitably involves.

All that is required from the Government is a statement of policy now to the effect that any improvements in benefits agreed in the coming months will be able to be implemented from an agreed date onwards. This does not constitute a breach of the pay code but it allows the social harmony must surely proceed to a positive conclusion.

Yours faithfully,
BYERS,
Chairman,
Company Pensions Information Centre,
7 Old Park Lane, W1,
January 4.

Not too petty for a jury

From the Chairman of the Bar

Sir, All sections of the Bar with which I have been in touch would agree with your leader of January 6: they had already expressed to me almost identical views. One point, however, although touched upon seems to me not to have been made with sufficient emphasis: you express it as the belief that justice for the innocent defendant is more certain before a jury. "In my view it is more than a belief: it is an inevitable inference from certain facts."

Those facts are: that before a jury, the prosecution have to satisfy twelve, or after two hours ten, persons of the accused's guilt: before magistrates they only have to satisfy one and three; that most prosecutions rely to a considerable extent upon the evidence of police officers: few jurymen, if any of them, will ever have heard any police officer give evidence—often magistrates have heard the same officer giving evidence before; and that at every trial juries are specifically reminded by the judge of the burden of proof.

The inevitable inference from these facts is that, all other things being equal, and however fairly proceedings are conducted, it must be inherently less likely that the prosecution will establish the guilt of an accused person before a jury than before magistrates. The inevitable conclusion, therefore, is that if the Criminal Law Bill is enacted in its present form, the chances of an innocent person being convicted must be increased.

This, probably the most significant implication of the recommendations made by the James Committee, was not acknowledged in its Report. Would the Committee have made those recommendations had they drawn, and expressed, this inevitable conclusion? Ought those recommendations, particularly those affecting theft cases, to be implemented in the face of that conclusion? Surely not. Above all, how is

it possible to justify a disregard for the Committee's recommendations that charges of assaulting the police should not be removed from the Crown Court and that there should be earlier disclosure of prosecution evidence at summary trials? There can be no justification whatsoever.

Yours faithfully,
PETER WEBSTER,
The Chairman of the Bar,
The Senate of the Inns of Court and the Bar,
11 South Square,
Gray's Inn, WC1,
January 7.

From Mr W. John Jones

Sir, The proposal to remove the right to elect trial by jury from those charged with stealing amounts of less than £20 is as inflationary as it is unjust. Professional shoplifters—of whom there are many—will preserve their right of trial by jury simply by ensuring that they are charged with stealing amounts of more than £20 worth of stolen goods.

Yours faithfully,
W. J. JONES,
1 Hare Court,
Temple, EC4,
January 6.

From Mr Geoffrey Hill

Sir, In your leading article this morning (January 6) you argue that in cases of assault on police officers the right to trial by jury should stand. There is no such right. It is excluded by s. 25(1) of the Magistrates' Courts Act, 1952, an interpretation which was affirmed by the House of Lords in *Tooley v Woolwich Justices* 1967 2 AC 1.

At present the prosecutor may opt for trial by jury; the defendant may not.

Yours,
GEOFFREY HILL,
Deputy Chief Clerk,
Marlborough Street Magistrates' Court,
21 Great Marlborough Street, W1.

Air fare structure

From the Deputy Chairman of British Airways

Sir, Mr Kenneth Braidwood's letter published in *The Times* of January 4, 1977, contains a widespread misunderstanding of the international airlines' motives and their attitudes towards air fares as expressed collectively through the International Air Transport Association (IATA).

As a member of the Executive Committee of IATA I must point out that the main reason why the airlines, using the IATA machinery, agree between them the fares and rates which they propose should be applied on international flights is that they are required to do so by the governments of the states served by these flights.

Almost all bilateral air services agreements stipulate that there shall be agreed common fares. Governments delegate this task to the carriers but retain the right to reject

their proposals, and they often exercise it.

It is fair to add that most airlines believe that absence of agreed tariffs would result in chaos—for the public as well as our industry—bearing in mind the thousands of sales points and tens of thousands of fare combinations employed all round the world. But that is not the fundamental factor producing the requirement for the fares agreements.

Nor is it true to describe the airlines' trade association as a cartel when, as Mr Braidwood himself makes clear, it exercises no control over the volume of production or the cost of the supply of which it greatly exceeds demand—with a resulting bad effect upon the industry's financial results.

Yours faithfully,
H. E. MARKING,
Deputy Chairman,
British Airways Head Office,
Box 333, Gatwick Airport,
Victoria Terminal,
Buckingham Palace Road, SW1.

The hereditary peerage

From Mr H. B. Brooks-Baker

Sir, We are very pleased and impressed by the great interest the world is showing in the letters written to you by Mr Fletcher-Cooke (January 4), and Sir Ian Moncreiffe of that ilk (January 7). Two of the greatest common English names are the Royal family and the peerage. The respect the world has for these institutions is more than well documented, and it is also undeniably true, that this country's balance of payments has been added to substantially by them.

Sir Ian's suggestion that eminent elderly people be granted peerages from time to time is as sensible as the idea of an immensely distinguished life peer being raised to an hereditary peerage. Whereas the aristocracy in this country is different from most other monarchies, including Scandinavia, is that England's is almost one hundred per cent intact, and is functioning politically and socially whereas in Scandinavia it is little more than the pomp and ceremony, and in the case of Sweden, most of that was eradicated last year. If you compare the English system with that of France, which has not had a monarch in 107 years, one sees

the difference between night and day. Though the French are probably the greatest admirers in the world of the Royal family, and of the peerage, and the system generally, France's nobility has no political importance or clearly defined duties, and though the Comte de Paris is no longer forced to live in exile, only his peers have his ear.

We will see as the Jubilee year progresses, that Queen Elizabeth and the House of Lords are almost as important to the rest of the world as to Great Britain. But if these institutions are to remain healthy and purposeful, they must not be allowed to wither. Life peerages have their place, but are they a substitute? We must never forget, that on what this country does today, the future of many throughout the world will depend, but pomp without power is ridiculous, and rather pathetic.

Yours truly,
H. B. BROOKS-BAKER,
Managing Director, Debrete's Peasants Limited,
Neville House,
Fden Street,
Kington upon Thames,
Surrey,
January 8.

Politics in abeyance

From Mr Frank Hodgson

Sir, Your leading article (January 5), "Politics in Abeyance" is too comfortable by half: in your own phrase, unparadoxically complacent. While politics in abeyance, the IRA still, after seven years, goes on murdering and maiming our fellow countrymen and our soldiers.

It has long been manifest—how long, a Lord, how long—that there will be no peace in Ulster until the IRA is defeated.

The other recourse, of yielding victory to the Queen's enemies, is not this time open to Her Majesty's Government, since the loyalists are there to prevent it.

That may account for the greater antipathy shown in Government-inspired opinion towards the loyalists than towards the IRA, over all these years of IRA barbarism inflicted upon our fellow countrymen in Ulster.

As our local regiment, the Devonshire and Dorset Regiment, is about to proceed to Northern Ireland, our local newspaper, the *Western Morning News* (January 4) speeds our men on their way to their thankless but dangerous duty with the comment: "All the British public wants to do about Ulster is to try to forget it." Is there no honour left in England?

The unbearable reproach of our dereliction of Ulster rests not upon the people of the United Kingdom but upon the UK Government. The Army in Northern Ireland does its sorry duty by the Government. When will the Government do its own duty? When will the Government, having always had the means, at last muster the will to defeat the IRA?

Delenda est IRA.
Yours faithfully,
FRANK HODGSON,
70 Bickham Road,
Plymouth.

The proposed assemblies

From Mr William M. Moss

Sir, May an English Tory comment on Mr Ancrem's letter (December 24).

Of course the wish of the people of Scotland to have a greater say in the running of their affairs is understood. But the English, too, have their national pride, even if it may seem to have been hidden from view in recent years. What Mr Ancrem calls "the unfairness which may arise" when Scotland has its own assembly is not something which can be swept under the carpet or "adjusted as required."

This greater say in its own affairs to which Scotland aspires must be exchanged for a lesser say in the domestic affairs of England. It is quite monstrous that we should be asked to support an assembly of important powers, unless either the Scottish members lose their vote in the Westminster Parliament on devolved matters, or else are much reduced in number.

Mr Ancrem writes that Scotland's future is in English hands because of the latter's numerical superiority. It appears quite likely that the reverse may be true. In a narrowly divided political situation, the votes of the Scottish members of the Westminster Parliament are quite likely to be decisive now and in the future. Why should the English hand back the domestic affairs of Scotland to Edinburgh, and still allow the Scots 70 votes or more in deciding English domestic affairs? Only a Government concerned more with its own immediate future than in providing a lasting solution to the problem could put forward such a measure as is now before the House of Commons.

Yours faithfully,
WILLIAM M. MOSS,
Kewworth House,
High Street,
Kegworth, Near Derby.

'Both sides of industry'

From Mr J. Weston Smith

Sir, On reading the Chancellor's letter to the IMF what first sprang to my eye was Mr Healey's use of the expression "both sides of industry". This deplorable phrase seems to have wedged itself into the English language; at best it is jargon, which too many politicians know no better than to use; at worst it is increment to conflict.

An enterprise consists of men and women who, banded together, are determined on success, and reward within that enterprise, there cannot be "two sides". In saying this I am wholly sympathetic to the views expressed by Mr Steel so vigorously in his party broadcast, and so, I suspect, are the majority of my fellow citizens, who work in, and contribute to, our industrial wealth.

No less disturbing in my view is Mr Healey's assertion—expressed in the same letter—that "industry has approached the Government's 'medium-term strategy'".

When the Chancellor of the Exchequer uses the word "industry" what does he mean—the whole of the wealth-creating process influenced, owned and/or controlled by the people of these islands? Does he embrace manufacturing, wholesaling, retailing, trading and commerce of all kinds, including the financial institutions, the banks, insurance companies, shipping and transport enterprises, the supply of energy in all its forms and, not least, overseas companies—largely owned by United Kingdom shareholders—whose managers help to sell our exports and whose dividends swell our currency reserves and contribute to balancing our trade deficit, and if he does mean all these many and several enterprises and the people within them, what process of consultation did he use in order to ascertain whether they understand and approve of his industrial strategy?

The people to whom I have referred will be much affected by the IMF loan and the conditions attached thereto and they are constantly exhorted by her Majesty's ministers to endorse our "devolution", "consultation" and "participation". The irony of Mr Healey's statement on their behalf will surely not escape them?

Yours faithfully,
J. WESTON SMITH,
Chairman of the Organ
Crucible Company,
88 Petty France, SW1,
January 6.

Cost of fish marketing

From Mr M. I. Lipman

Sir, Some two years ago, you were kind enough to publish a letter from me on the subject of fish prices and distribution as compared with, say, beef. Since then I have carried on a desultory correspondence with the Ministry of Agriculture, Fisheries and Food, which culminated in their passing the matter over to the Ministry of Prices and Consumer Protection who had ordered an inquiry on this subject, and whose report published in May, 1976, was scathing and referred to prices in the shops being up to four times that of the dock side.

Since then, neither the Prices or Food Ministries have uttered a word on the subject, in spite of the report's denial of the claim by the fish trade as quoted to me by the Food Ministry on March 16, 1976, that fish being perishable "demands a sophisticated distribution system the cost of which accounts for the margins in question". If the multiplicity of competing (?) traders at Grimsby and Billingsgate is "sophisticated" by any standard, then heaven help us.

Now that the whole fisheries question is overshadowed by the new Iceland debacle followed by the new 200 mile declaration, surely as we, the public, are underwriting the security of the fishing zones through the heavy expense of frigates and Nimrods, it behoves the whole fish trade from dock to the local fish shop, to put its house in order, failing which, perhaps we should turn for a model to the Milk Marketing Board, which collects an equally perishable produce from tens of thousands of farms daily, processes it, and delivers it at our doorstep daily at a total distribution cost of approximately half that applicable in the present "sophisticated" system which now threatens us to put fish on a par with fillet steak in price, and thus equally beyond the purse of 95 per cent of our people.

I am, Sir, yours, etc.,
M. I. LIPMAN,
The Village Green,
Newick, Sussex,
January 4.

Napoleon's coats

From Mr David Gilmour

Sir, There seems to be a lot of unnecessary fuss about the Duke of Wellington's purchase of the coat Napoleon is supposed to have worn at the Battle of Waterloo. Napoleon had a great many military coats. According to Duroc, the Grand Marshal, he bought a new one every three months and the 1811 inventory of the Imperial wardrobe shows that he possessed 16 in current use at that time.

Quite a few were admittedly lost or burnt in Russia the following year, but there is still a large selection in French hands. So I cannot see why your correspondent Mr Fowler (December 14) thinks the coat ought to be given back to the French, especially as some of the things Napoleon removed from other countries are still in France (Veronese's *Marriage of Cana*, for example).

In any case, Bonapartists should be heartened by the fact that the coat has passed from the family of the man who actually wanted to execute Napoleon (ie Marshal Blucher) into the hands of the descendant of the man who, when asked whom he considered the greatest general of the age, replied: "In this age, in past ages, in any age, Napoleon."

Yours faithfully,
DAVID GILMOUR,
8 Rue du Foia,
Paris 75003.

THE TIMES

BUSINESS NEWS

EATCROFUS industry cheered by Mr Carter's package, page 17

BSC abandons its break-even goal but aims to limit loss to £70m

By Peter Hill
Industrial Correspondent

British Steel Corporation has abandoned its objective of breaking even this year.

With market conditions deteriorating, the state steel undertaking is preparing to trim its production in the final three months of the financial year which ends in March, although the hope is that losses can be kept to below £70m.

Last year BSC recorded a post-tax loss of £25m, and Sir Charles Villiers, its new chairman, who took over from Sir Monty Flaminio in September, had hoped that the corporation would have achieved a break-even position and possibly made a small profit this year.

Over the first six months the corporation managed to recover substantially from the previous year, and reduce the loss to £43m over the half year, after charging a major £75m and exchange losses of £19m.

Since then it has been improving output and overcoming most of the production problems faced in the early part of the year.

Until the end of November it had been operating at around the break-even point, but an output of 23 million tonnes of crude steel would now be required for the corporation to reach it.

Production seems likely to be about 21 million tonnes, and there is little prospect of market demand improving significantly until the final quarter of this year.

A loss of around £70m appears in prospect, although executives are hopeful that the eventual result will be a loss of between £50m and £60m. The feeling is that the break-even objective could be achieved by implementing severe cutbacks in maintenance and other work, but the corporation believes it is more important to be in a strong position to exploit the upturn in demand when it appears.

Against the background of worsening market conditions, BSC is planning to reduce pro-

Post Office forecasts 'significant profits'

By Malcolm Brown

Sir William Ryland, chairman of the Post Office, said yesterday that there would be a "significant" increase in the corporation's profits this year.

But Sir William, who was replying to an assertion by Mr Tom Jackson, general secretary of the Union of Post Office Workers, that phone profits alone this year would total around £400m, declined to be drawn into specifying any figure.

Speaking on BBC Radio's *The World This Week*, Sir William said it was too early to give definite figures, but profits would be significantly better than those for 1976-77.

In 1975-76 the corporation made a profit of £147.9m; telecommunications achieved a total of £154.7m and Giro, remittance services and data processing all made small contributions. But posts lost £9.2m during the year.

Sir William said yesterday: "Only a short time ago we were being criticized for being inefficient and making losses. We recognize that we need to invest in this country, and we have to find the money from our own resources."

In spite of Sir William's caution, there have been indications for some months that the corporation would make what by the standards of the last few years is a remarkably high profit. By the end of the financial year it appears probable that the overall profit of the corporation will be between £350m and £400m, the share being brought in from telephones.

Posts are expected to break even or possibly make a small loss, while Giro and the other services will again contribute a small profit by the corporation will go a long way to helping it meet the new financial targets the Government has imposed. The telecommunications division must earn for the three years 1976-77 to 1978-79 a real rate of return of 6 per cent.

Reaction to a high profit from the corporation is certain to be mixed. There is relief that the Post Office is now back to profitability after a series of disastrous years, but critics suggest that the size of the profits is a surprise even to the PO.

New approach on worker-directors

By Maurice Corina
Industrial Editor

Enabling legislation for a more flexible approach in encouraging the introduction of workers' democracy throughout British industry may be forced on the Government. This means rejecting the majority view of Lord Bullock's Committee of Inquiry into Industrial Democracy that union-elected employee directors should share unitary boardroom power with shareholders' nominees and a quota of independent directors.

Ministers are apparently deeply disturbed by the vehemence of the opposition which industrialists have privately pledged ahead of publication of the full Bullock report later this month.

The Confederation of British Industry and the British Institute of Management, and a host of other representative organizations are about to launch a potentially divisive campaign of "unremitting opposition" to any Government-imposed form of industrial democracy.

Opinion within Whitehall, where a separate study has been in progress on how to promote employee-participation in the state-owned industries and public services, has swung towards introducing only some form of background legislation that stimulates experiments, and recognizes the need for tailoring participation to individual corporate situations.

This recognizes the deep divisions within the Bullock Committee as well as the varying responses obtained in the Government's own consultations in the public sector.

Just how deeply split is the Bullock Committee, which gives a majority recommendation for single-tier boards based on the 2x1x1 formula, is indicated by the strength of the minority views of its industrialist members. These come from Mr Jack Callard, the ex-ICI chairman who now heads British Home Stores, and Mr Norman Biggs, the former Esso and Williams & Glyn's Bank chairman.

They claim that most of industry, middle management, and even some powerful trade unions do not want the appointment of worker-directors as proposed by the union representatives and academics represented on the committee.

Of this combination of interests, their minority report

Deep divisions within the Bullock Committee and among industrial leaders may force legislation designed to tailor participation to individual corporate situations

says starkly: "It would be exceedingly unwise for the nation to disregard their practical realism and accept the theories of those who see this debate as a means of changing the structure of society in this country and who would seek to bring the boards of the private sector under union control."

Scarcely account, they argue, has been taken by their Bullock colleagues, of the realities of British industry. Industry has a fragmented union movement, and a large sector of the workforce do not belong to unions. The unions believed deeply in collective bargaining and were divided about all the problems involved in power-sharing within private industry.

The minority report's strongest words are reserved for the proposal that worker democracy has to be effected only through trade unions.

One of the great strengths of political democracy, they declare, is that every citizen has equal rights and no one need belong to either a party or an organization to exercise their rights.

"It would make a mockery of democracy as we know it to limit the rights of employees in any system of industrial democracy to those who have opted for collective representation through a trade union," they say.

The minority members argue that unions have nothing to fear from other systems of representation for employees, whether union-organized or not. Strong unions with united membership could surely not fear a procedure embracing non-union representatives.

Unsurprisingly, the minority report is not opposed to worker

secret ballots by employees in resolving how employee representation systems should be introduced. Employee nominees on a supervisory board should constitute less than half the membership. All employees, and not just union members, should be concerned in any elections to either Employee Councils or the subsequently established Supervisory Boards.

Both Sir Jack Callard and Mr Norman Biggs are proposing to explain their opposition to the Bullock majority views at a special conference being called on January 28 by the British Institute of Management.

The BIM, for its part, does not believe the Government is right to propose legislation on industrial democracy.

Mr Roy Close, the BIM's director general, comments: "To judge from everything we hear about a majority report, a minority report, and a dissenting member of the majority, it is clear that views on this important question remain sharply divided."

This, he adds, reinforced the need for a flexible approach to employee-participation to meet the particular circumstances and needs of companies. The original terms of reference for the Bullock team were heavily biased in the first place.

The Government should pay due regard to the needs and circumstances of different industries by pursuing a flexible approach, allowing a settling in period for participative systems that can be negotiated to reflect individual needs.

The CBI view is that industry must get on with its own work on participation in its own way "without the threat of ill-conceived legislation". Lord Watkinson, the president, claims that to enforce board membership by delegates from the shop floor and, even worse, trade union nominees from outside companies was to stand the whole system of participation on its head.

He has told CBI members who are anxious about the Bullock report: "You will be shocked, alarmed, and angered when you see it."

The Government is proposing to make a statement when the Bullock report is released. At the same time, it will indicate its thoughts for policy in the public sector with White Paper planned for nationalized industries.

Beleaguered cities look to Mr Carter for relief

Many of America's biggest cities are still in desperate financial difficulties, with problems too great to solve by themselves.

Detroit announced last week that it was almost bankrupt, and Mayor Beame of New York is to try to raise local taxes again and make further spending cuts to reduce the city's next budget deficit of at least \$585m (£344m).

The city was rescued from the brink of financial disaster, just over a year ago. It has stumbled forward, but the threat of a new crisis is ever present.

Acute financial problems in cities could undermine the slowly rising level of confidence in the nation's economic prospects and the efforts being made in Washington to strengthen the economy.

Many of the biggest cities in north-eastern United States have imposed tax levels so high that employers have moved elsewhere.

They confront huge and growing social welfare bills, with New York City in a particularly poor situation, as a Federal Reserve Bank report states.

It states that the city's social welfare expenditures are 14 times what they were 20 years ago. The number of young and old people in the city has swollen so much that less than half the residents are of working age.

The number of people needing public assistance has grown since 1951 from 339,000 to 598,000, and manufacturing employment in the city is 55 per cent of the level of 25 decades ago.

Mr Beame and other mayors are doing all they can to balance their budgets, but are stripping their cities of their attractiveness and vitality as a result.

They are hoping that President-elect Carter will come to the rescue. He is likely to help, and has suggested that he recognizes the real problems, and more important, that he is aware of how these problems can weaken the country as a whole.

Swift action is needed to avoid new crises. It can take several forms, most notably a full restructuring of social welfare, involving much greater direct federal Government payments.

In addition, the Government could assume a greater share of the education, hospital, roads and public transportation costs of cities.

But financing such schemes will generate budget difficulties, and because of this it is no exaggeration to say that financial problems of many of the great American cities rank among the most important matters Mr Carter will have to deal with when he takes over the Presidency on January 20.

Frank Vogl

DERIC MARTIN

Crucial talks on sterling balances

By Peter Norman

Leading Western central bankers meet in Basle today for what should prove to be the crucial meeting to solve the problem of Britain's overseas sterling balances.

The question was discussed by the bankers at their session in Basle last month and later by a group of experts in Paris before Christmas. As a result of these discussions it is expected that the central bankers from the Group of Ten richest industrial nations and Switzerland will be asked to approve a "safety net" for sterling.

This would probably consist of a standby by the Bank for International Settlements in Basle, on which the Bank of England could draw to cover withdrawals of foreign held sterling from London. In Europe, at least the alternative of a "fundamental" of the sterling balances is regarded as a very unlikely outcome to this month's meeting.

One leading European central banker, who has been closely involved with the discussions, told me that he felt today's meeting could reach approximate agreement and that a final settlement might be reached in Basle later.

However, an official silence from Basle this week would not necessarily indicate that the talks had broken down.

The British Government wants a solution to the problem of the sterling balances because it believes that the pound's weakness last autumn was exacerbated by the rapid decline in sterling assets held in London by official overseas creditors.

Although European central bankers, at least, are expected to think that the balance problem was more a symptom than a root cause of the pound's troubles, there has been a remarkable willingness to help Britain set up a safety net, led by the West German, Swiss and Dutch central banks.

These three, with the United States and Japan, can be expected to shoulder the main financial burden of the operation.

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These three, with the United States and Japan, can be expected to shoulder the main financial burden of the operation.

More exports now charged in foreign currencies

By Our Industrial Staff

Just over 20 per cent of exports are invoiced in foreign currencies, according to an analysis of commercial invoices lodged with the Customs and Excise.

The analysis, documented in the latest issue of *Trade and Industry*, covered selected export shipments in April, 1976. From a sample of some 2,700 invoices it emerged that the average figure was made up of 12 per cent of the invoices in the importing country's own currency and 8 per cent in American dollars.

There were few examples of invoicing in foreign currencies other than dollars or those of the importing countries.

The journal says that it seems likely that the overall proportion of foreign currency invoicing had been rising relatively to the additional level to earlier limited work had suggested a proportion of 10 to 15 per cent—and suggests that the decline in the sterling exchange rate since the spring may have led to a further increase in the proportion.

The Confederation of British Industry is organizing a seminar next month to explain to businessmen the choice of currencies available for export invoicing.

Brazil and Colombia seek accord on coffee prices

Bogota, Jan 9.—Brazil and Colombia, two of the world's biggest coffee producers, are calling for a special session of the International Coffee Council to look into ways of stabilizing world coffee prices, a Colombian government spokesman said yesterday.

He said the agreement was reached in an exchange of messages in the last few days between Colombian President Alfonso Lopez Michelsen and Brazilian President Ernesto Geisel.

The text of the exchanges, initiated by President Lopez on Monday, were released here today.

In his message to President Geisel, Senior Lopez said because of the unease felt by many countries over rising coffee prices it was essential to "find a satisfactory joint solution to the problem."

President Geisel replied that he agreed on the need to "guarantee the tranquillity of the coffee market", but he did not think the problem could be solved by producer countries alone.

The Brazilian leader said the best solution would be to convene a special session of the council.

No date was mentioned for the proposed special session.

US ready to consider funding operation

From Our United States Economics Correspondent
Washington, Jan 9

United States government officials here also suggested at the weekend that the chances for an agreement being reached in Basle tomorrow on the problem of sterling balances were good.

However, sources here, unlike the European experts, believe that some sort of "funding" operation is being considered. This would involve giving official foreign holders of sterling

'No pay code breach' by C & W board

Mr Varley, Secretary of State for Industry, said yesterday there could be no breach of the Government's pay policy in his examination of salaries of five executive directors of the state-owned Cable and Wireless company.

It was revealed in *The Times* on Friday that the five protesting directors had agreed to resign in consideration of certain proposals.

Salaries of the directors (four are paid £10,330 and one £12,830 a year) had to be looked at in the context of the pay of nationalized industry board members as a whole, Mr Varley explained.

He has yet to discuss the still secret pay proposals put forward by Cable and Wireless's chairman, Mr Ted Short,

Mr Blumenthal says Carter measures may help trading partners

From Frank Vogl
Washington, Jan 9

Mr Michael Blumenthal, the American Treasury Secretary-designate, stated today that he hopes the new package of reflationary measures proposed by Mr Carter, the President-elect, would be coordinated with actions taken by America's chief trading partners to strengthen their own domestic economies.

Mr Blumenthal stressed in a television interview today that the Carter Administration fully recognized the degree to which the United States lives in an economically inter-related world, and that the Administration will be determined to "do its very best" to coordinate and cooperate with foreign countries in economic affairs.

He noted that the precise numbers involved in the new reflationary programme had still to be finalized. The \$30,000m two-year programme already announced should be seen as just a first step, he said, "and only a first step" towards strengthening the economy, increasing business confidence and creating incentives to investment.

The future Treasury Secretary considered that without this programme it was unlikely that unemployment this year would fall below 7 to 7.5 per cent from the current level of around 8 per cent.

The new programme should reduce the jobs rate by about 1 per cent and so, with luck, take it close to 6.5 per cent by the end of the year. In addition, and more important, he said the programme would ensure a further reduction of unemployment in 1978.

Mr Blumenthal said the programme involved some moderate tax cuts which should be viewed as only the start of

There's one London bank that really understands Eastern Europe

The Moscow Narodny Bank has the experience, the knowledge and the connections that are essential for East-West trade to flourish.

Moscow Narodny has been an integral part of the City of London since 1919 and today enjoys very close relationships with Central and Commercial Banks in the USSR and other East European countries.

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TOTAL ASSETS EXCEED £1,200,000,000

Kelsey Industries Limited

Statistics from the Report of the Chairman, Mr J. G. Moss, and the Accounts for the 12 months to 30 September, 1976.

	1975/76	1974/75
Turnover	12,150,591	12,123,000
Direct exports	3,991,894	3,625,700
Profit before tax	1,653,957	978,600
Profit after tax	775,883	452,540
Dividends	111,216	101,136
	(23.17%)	(21.07%)
Earnings per share	20.2p	11.8p
Retained trading profits	664,667	351,404
Depreciation	228,608	167,273
Net assets	4,413,070	3,648,649

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Lending rate 14 pc

The Bank of England's minimum lending rate is reduced by one quarter percentage point this week to 14 per cent. The following are the results of Friday's Treasury Bill Tender:

	Applied	Allocated
Bids at 12.75m	£2,734m	£2,000m
Prev. week	£2,687m	£2,000m
Average rate	12.98%	12.50%
Next Friday	£3,000m	£2,000m

Management

A diplomatic touch for the men at the Foreign Office

The public service tends to be regarded as fair game for criticism. But relatively few of the people who enjoy this pastime appear to have any detailed understanding of how the service works. How, specifically, it could be improved.

One sector of the public service which is likely to be in the news before long is the Diplomatic Service. For the past 12 months it has had the benefit of being examined by the Central Policy Review Staff's "Think Tank", a task which was due to be completed about now, though it is not clear how much of the Think Tank's report will be made public.

But how does one most effectively manage an organisation like the Diplomatic Service which has 58 departments in the Foreign and Commonwealth Office in London, and nearly 220 establishments of various shapes and sizes throughout the world?

Such a degree of dispersal is of itself enough to create substantial management problems. But to these must be added problems created by the abstract nature of the work.

How does one, for example, measure the efficiency of the political reporting from Washington? And how is that to be assessed against the work of another mission elsewhere which may be mainly concerned with promoting overseas trade, or deterring the nationalisation of British assets, or, perhaps, just keeping an eye on the use made of British aid?

The problem is a difficult one which has to be tackled from a number of directions, and one strand in the FCO's monitoring and control of its operations is through the Diplomatic Service Inspectorate, which describes itself as "in-house consultants".

The Inspectorate consists of 35 people from within the Diplomatic Service. They include five teams, each of three people, who tour the embassies and other overseas establishments. There are also two people permanently involved in inspecting the departments of the FCO in London.

The role of the Inspectorate is defined as being to carry out a continuous review of the operations of the Diplomatic Service both at home and abroad, to ensure that its resources are being used efficiently and for the right purposes.

What this means is that every establishment abroad and every department at home is subjected to a detailed examination roughly every three years.

The members of the overseas teams, who stay in the inspectorate for about two years, before resuming their normal careers in diplomacy, make three tours a year, each of about 11 weeks, with periods of debriefing and briefing in between.

The inspections appear to have the tone of a cooperative examination between the inspectors and the staff of the mission, rather than an intimidating exposure of fault by stern interrogators. A station will

normally know some months in advance when the inspectors are to arrive.

The inspectors will discuss their tentative conclusions as they are being formulated, with the staff of the mission concerned and this can lead to a modification of views on both sides, so that the lengthy report finally made by the inspectors will usually contain a lot of material on which agreement has already been achieved.

The finance department has its own internal audit system, and although the inspectorate's search for efficiency in the missions clearly has financial implications, cash saving does not appear to be a key purpose. Rather the main objective appears to be to achieve "fitness for purpose".

Thus, among the first tasks of the inspectors when being briefed in London and on arrival at a mission will be to assess what are the main British interests and the essential purpose of the mission, and it will be against those purposes that the adequacy of the resources and the use made of them will be assessed.

The inspectors' reports tend to be characterized by great attention to detail. For example, they could recommend that changing circumstances require a political embassy to be strengthened or reduced in strength. They may find that procedures for handling top secret material are inadequate.

But equally, they may feel that some typewriters could usefully be returned to store, or

that the Spanish and German language cassettes should be replaced by French, or similar trivialities.

The inspectors do not normally assess the cost implications of their recommendations, although there was one recent occasion in which they did so and concluded that they would lead to savings in one country alone of about £400,000 a year, a sum which would go a long way towards matching the costs of the inspectorate.

However, the general philosophy of the inspectorate has tended to be to try to make a fairly taut assessment of the facilities required and to assume that the necessary cash resources would be made available. There are some indications that the advent of cash limits is now leading to a modification of that philosophy.

There appear to be two related reasons for placing at least a question mark against the inspectorate's effectiveness. The first is that because the members of the inspectorate are also members of the Diplomatic Service they are likely to share many of its assumptions.

The second is that the inspectors are people of middling seniority, most of them, no doubt, with hopes of further advancement in the service, and their period in the inspectorate might well be a rather delicate stage of their careers.

Neither of these factors seems likely to lead to the inspections being unduly robust. RC

Training films learn to communicate with international audiences

The finals of the Management Training Film and Video competition organized by the British Industrial and Scientific Film Association and the British Institute of Management saw Video Arts' *Meetings*, *Bloody Meetings* take both the trophy presented by the Imperial Group and one of the two certificates given by the BIM; and the other certificate also went to Video Arts for their *Manhunt*.

Video Arts' approach to training, using John Cleese's remarkable comic talent, is by now well-known and appreciated. *Manhunt* shows him in three managerial interview situations, making three different types of mistake.

The title of *Meetings* is self-explanatory and the prize-winning purpose is to make meetings shorter, more productive and more satisfying.

Group, Mr John Pile, when he presented the trophy, spoke of an aspect of training films that is often overlooked—their export potential. The market for the leader's guide, *How to Manage*, is expanding—an implicit tribute, he suggested, to the quality of our management, as well as a measure of the quality of our films.

Milbank Films, which earlier this year made *Your House in Order?* (Industrial accidents are caused by untidiness and slack working) and *Man in the Middle* (the supervisor, sandwiched between management and shop stewards and balancing the claims of production and safety) have come up now with a package of two films on coaching for the Training Services Agency of the Manpower Services Commission.

I Owe You shows a manager being introduced by an enlight-

ened colleague to the need for developing the abilities of subordinates; *Received with Interest*, to be viewed after work based on the accompanying leader's guide, shows a reformed manager putting his lessons into practice. There are too many managers in need of the message and the package could do them a lot of good.

Wimpey presumably had export potential well in mind when they made *Focus on Training*. This is not a training film, but a picture of the elaborate facilities that Wimpey provide in their training organization.

It is mainly designed for the company's own training purposes, but the organization also undertakes outside assignments. In the light of its overseas representation this stirs an echo of Mr Pile's reference to the African head of the largest company in one African

country he had visited recently who is sending his colleague concerned with training to a course in Imperial's training school.

Training is increasingly international and films are no small part of it.

Meetings, *Bloody Meetings* and *Manhunt*, both 29 minutes; £245 each. Hire: two days, £38.50; seven days, £48.50.

Your House in Order?, 23 minutes; and *Man in the Middle*, 22 minutes; £150 each. Hire: three days, £20; seven days, £25.

I Owe You, 25 minutes; £250. Received with Interest, 14 minutes; £150. Complete package, £315. Hire: three days, £35; seven days, £45.

Focus on Training, 22 minutes. Free hire.

Eynon Smart

Edited by Rodney Cowton

Computers to the aid of distribution planners

At its simplest, the problem of the effective distribution of a company's products is one of balancing transport costs against quality of service. But, in practice, such are the many options available, most large organizations have found that their real world of distribution is a complex, computer-based exercise in operational research.

Not surprisingly, the computing service companies have developed a range of programs designed to assist in the analysis and planning of transport and distribution systems. Representatives from more than 50 companies attended a recent seminar on the subject at the Milton Keynes headquarters of Scicon Computer Services, the BP-owned bureau.

For Trebor Sharps, confectionery manufacturers, Scicon has developed a national distribution model. This consists of a suite of programs which represent the movement and handling of sweets from factories, through "break-bulk" depots to distribution depots and then on to customers.

Depending on the average size of their orders, customers may receive deliveries either from distribution depots or (for large orders) direct from break-bulk depots.

Using the model, questions such as "How many depots are needed?" "Where should they be?" "What will their throughput be?" and "What areas of the country should they serve?" can be answered.

Included in the overall model is a local delivery cost model. This calculates the cost per unit of serving groups of customers from all the depots that can practically serve them.

It evaluates the economics of journeys of more than one day and goes on to select the type of journey which will give the cheapest unit delivery cost.

To validate the model the company's operations in 1975 were analysed. Every aspect of the model's solution was compared with actual company practice and discrepancies were accounted for.

Trebor Sharps and Scicon are now using the model to identify areas where savings can be made and to evaluate the costs of implementation.

Another example of distribution modelling software is the Pathfinder package developed by British Road Services, which is used to estimate the number and sizes of vehicles needed for a delivery fleet. Using Ordnance Survey grid data to define the local delivery area, information on quantities of goods and the drops to be made can be specified in either of two ways, depending on the detail required.

For fleet sizing calculations the total volume of goods to be delivered is divided by the total number of drops in it are specified. For vehicle routing, the location, quantity to be delivered, service level and restricted delivery times are specified for each customer.

This information is used together with data on the roads in the area, expected vehicle speeds and work-study or other standards to produce a detailed set of routes.

As well as fleet sizing and route planning, the Pathfinder package has been applied to distribution audits, the selection of additional or replacement vehicles, depot location, evaluating time restrictions, analysing levels of customer service, assessing the economics of trips longer than one day, evaluating productivity negotiations and the effects of seasonal factors, training and planning collections.

The Pathfinder system and the Trebor Sharps model represent two approaches to distribution planning—the packaged system (in this case developed by a transport company and marketed by the computer bureau) and the tailored solution. Both offer fast calculation and the ability to test a wide range of options.

In cases where a mathematical statement of the problem is required but where standard packages do not meet the requirements, a mathematical programming code, such as Scicon's "Sciconic", can be used. For a national chain of clothing retailers, for example, a detailed study of inter-depot routing using the Sciconic code, has been completed.

Here, the objectives were to determine the optimum size and location of the vehicle fleet and to produce route schedules in response to specified levels of demand.

A mathematical model was constructed which was able to select the best combination of containers, articulated trailers and freightliners. Simultaneously, it determined how each container or trailer should be packed and the path it should take to its destination.

To complete the picture the model also represents the movement of empty containers and trailers which are necessary to ensure the correct balance of resources at each depot.

The sort of questions that are answered include "How much of each type of goods should I make at each factory?" "To which depot should I be sent, and which depots should supply which customers?" How should I schedule my factories or individual machines to satisfy demand and maintain my stock levels?

Do I need all my factories or depots? If not, which should I close? How much money will I save and what will be the cost in terms of flexibility?" Kenneth Owen

LETTERS TO THE EDITOR

Fresh light on air fare comparisons

From Mr A. J. Burkart

Sir, Your Air Correspondent (December 9) pertinently asks, "Are air fares within Europe too high?" It may be that they are, and no doubt the public consultation arranged for this week by the Civil Aviation Authority will throw light on the matter. But a direct comparison of European air fares with United States fares on the basis of similar lengths of journey oversimplifies the case.

Your Air Correspondent compared the fares between 10 city pairs in the United States with 10 city pairs of like length in Europe. For example, the fare New York-Philadelphia, a distance of 89 miles, is £14.11, whereas the fare Brussels-Amsterdam, 98 miles, is as much as £24.73.

However, the combined populations of New York and Philadelphia are more than 16 million, those of Brussels and Amsterdam barely two million. Demand for air services is determined by many factors but in part at least by the size of the two populations.

There is really nothing surprising in finding a greater frequency of service, more traffic and hence lower fares in the American city pairs cited by your Air Correspondent whose populations total 50 million, than in the 10 European city pairs who account for merely 24 million population.

Further, the United States experience is all domestic; the European all international. This is not merely a matter of who fixes the fares—the Civil Aeronautics Board in the United States, the International Air Transport Association (IATA) in the European cases.

There must be more in common to encourage air travel in the American cases and under a single commercial and political system than is likely at present in Europe. For example, there is likely to be greater community of interest between Pittsburgh and Denver (1,300 miles, £67.75) than between London

and Bucharest (1,300 miles, £143.45); or again between Boston and Denver (1,763 miles, £85.81) than between London and Rhodes (1,735 miles, £179.97).

Thirdly, air transport in Europe has developed in a distinctly different way from the American way. In particular, leisure travel by air in Europe has produced the air-inclusive tour (package holiday) which has not been paralleled in the United States. In terms of passengers, more than half the total intra-European air traffic is now carried on non-scheduled (charter) services. Most of this non-scheduled traffic is holiday-oriented, attracted by the lower fares and prices that are made possible by non-scheduled operation.

As a result, the fares on scheduled services, especially on holiday routes, are relatively high, and the frequency of flights is low—and in some cases, as from Scandinavia to the east coast of Spain, scheduled services no longer run at all. The single daily service London-Rhodes cited by your Air Correspondent is supplemented in the holiday season by a significant number of non-scheduled services.

Thus, the big part played by non-scheduled air services in the growth of intra-European air traffic invalidates single comparisons between the levels of scheduled fares in the United States and those in force in Europe.

There may well be scope for lower air fares in Europe, but the way to lower fares may not be the American way. At a time when the American commentators are themselves becoming highly critical of their own system it is to be hoped that due weight will be given to the distinctive developments of European civil aviation.

I am, Sir, yours faithfully, A. J. BURKART, Senior Lecturer in Tourism, University of Surrey, Guildford, Surrey GU2 5XH

Safety needs and the manning of coasters

From Mr R. J. M. Grey

Sir, Mr Bell (December 14) in pointing out the considerable difference between the manning levels on board small British and Danish coasters has doubtless put his finger upon the principal reason for the decline in the British-owned short sea fleet. But in suggesting, however obliquely, that the Danish levels be taken as a norm, he does a considerable disservice to the cause of safety at sea.

There are, for instance, grave doubts about the ability of a wholly mechanically untrained skipper to maintain a 600 hp diesel engine and its auxiliaries. The coaster in gale in the middle of the North Sea is not, after all, comparable to the lorry broken down on the motorway. An 800-ton ship may be small beer in the Channel seaways but it can be the cause of a major disaster if it is being navigated by an exhausted master or even his wife.

A pilot colleague tells me of a Danish coaster inbound to London from the Elbe. The sole occupants of this vessel were the Master, who was in an advanced stage of exhaustion having had 36 hours of heavy weather after leaving his berth in Hamburg, and two Moroccan seamen, both completely without experience and violently seasick.

Neither could steer and these wretched men had been employed in watching small pieces of coloured paper stuck on the compass to indicate that the

vessel was keeping her course. The orders were to "call the skipper if anything gets too close".

Perhaps the United Kingdom manning standards do err on the side of righteousness. But I would suggest that it is up to the United Kingdom Government to press for an international level of manning for these small ships to ensure British competitiveness rather than courting danger à la Danne.

Yours faithfully, R. J. M. GREY, Master Mariner, MNI, Managing Editor, Fairplay International Shipping Weekly, 1 Pudding Lane, EC3, December 15.

Kilo-sterling

From Mr Jim Friday

Sir, With a view to assisting both metrication and the British self-respect, perhaps the Government should change the name of the pound sterling to the kilo sterling. By my rough reckoning, that would put the exchange rate back at around one kilo-£554. Surely this would be a huge psychological boost to us British in these troubled times.

Yours faithfully, JIM FRIDAY, Lecturer, Department of History, University of Papua New Guinea, Port Moresby, Papua New Guinea, December 14.

Baden-Württemberg: beehive state

News last week that unemployment in West Germany had again topped the million mark in December was a pointed reminder that Europe's strongest economy still has a long way to go in eradicating the consequences of the recession of 1974 and 1975.

But while it was the global figure that excited the minds of politicians and newspaper editors, it went almost unnoticed that one of the 11 Federal states appears well on the way to returning to full employment.

Baden-Württemberg, which occupies the south-western corner of the Federal Republic, likes to think of itself as a model for the rest of the country. In economic terms there is something to be said for this boast.

In the 25 years since its creation in 1952, the state of Baden-Württemberg has enjoyed a steady and relatively crisis-free economic growth.

At the end of last month only 3.2 per cent of its workforce were unemployed against a national average of 4.8 per cent while unemployment in West Germany as a whole fell by just under 11 per cent between the end of December, 1975 and end-December, 1976, the rate of decline in Baden-Württemberg was at 21.6 per cent—almost double this amount.

At first sight the state's record of economic growth and its relative immunity to unemployment are surprising. Although Baden-Württemberg is Germany's third largest state, it is not an area naturally endowed with raw materials or sources of energy nor (with the exception of the area around Rheinfelden) was it at the time of industrializa-

tion in the 19th century an area blessed with easy access to large markets.

Yet today Baden-Württemberg can claim to have an almost optimal industry-based economic structure. In contrast to West Germany as a whole, there is a healthy mixture of large, medium sized and small companies scattered throughout the state.

As West Germany is still one of those places where it is possible for the individual with a bright idea or a good product to make—and keep—a large amount of money, the production of small and medium firms is probably a healthy indicator of the economic well-being of the state.

The industry of the inhabitants is legendary, and like their conservatism often a subject of mockery in other parts of Germany. Furthermore, the diligence of Germany's south-westerners can be backed up by statistics. No less than 47 per cent of the state's 5.15 million inhabitants are gainfully employed, against a national average of only 42.7 per cent.

Two companies in particular are of prime importance for the economy of Baden-Württemberg. They are Daimler-Benz, the world-renowned car and commercial vehicle manufacturer, and Bosch, the electrical and motor components con-

Intervention in the Scotch whisky industry

From Mr A. K. Borgia Sir, Mr Ronald Kershaw (December 30) claims to detect an increasing bias in favour of distillers in the affairs of the Scotch whisky industry. He implies that the view is gaining ground among distillers that the industry represented by The Distillers Company, but adduces evidence for his claim beyond the word of an unnamed "expert".

As chairman of one of the largest independent (non-DC) companies, I can state categorically that this is not our view. Government interference is the root cause of most of our problems and we wish to see far less of it. I am convinced that it is the attitude of the overwhelming majority of companies in the industry and I can escape the conclusion that I Kershaw's "expert" represents a tiny proportion of the trade. Export prices cannot be allowed to increase in the way suggested by this "expert" long as home trade prices are depressed, as too great a disparity between export and home prices only encourages parallel imports which in turn disorderly marketing in our important overseas markets.

Certainly, at home there is keen competition and profit margins are slender, but prices are not kept down because the attitude of one company. Excessive taxation on Scotch whisky (most £5.50 a bottle) and fierce competition from other drinks which are more lightly taxed make it extremely hazardous to increase home prices without shrinking the total market for Scotch whisky.

It would be extremely heartening to a hard-pressed industry to see a strengthening of this problem at Treasury and the development of a more sensible and cooperative attitude for the future.

It was unfortunate that I Kershaw omitted to mention a 20 per cent increase in export prices introduced on January 1—only two days after his article was published. Although the increase had been reported *The Times* 12 days earlier.

Yours faithfully, ADAM K. BERGIUS, Chairman, Wm Teacher & Sons Ltd, St Enoch Square, Glasgow G1 4BZ.

Standards of new homes

From Mr G. P. Evans

Sir, I was disturbed to read parts of a report of a Lee-based firm of chartered surveyors (December 31). I certainly agree that builders are having to "build down to price" and that a high percentage of homes are built with a lack of care and responsibility. However, it came as a surprise to me, and I'm sure many other readers, to learn that buyers of such houses should not rely on National House Building Council protection.

I purchased a new house a few months ago and obtained a degree of satisfaction that if my house ever proved not to be up to standard I could always turn to the NHBC. Now, it seems, this may not be so, just what does the NHBC stand for?

It is a pity that the article offered no advice to private purchasers exactly how they should "make a stand against poor buildings". Could the NHBC play more of a role in watching in a situation which at the moment seems to be open to people wishing to buy a new home?

Yours faithfully, G. P. EVANS, 32 Hurstbrook Gardens, Plymouth, Devon, January 1.

Regional industry in Europe

area blessed with easy access to large markets.

Yet today Baden-Württemberg can claim to have an almost optimal industry-based economic structure. In contrast to West Germany as a whole, there is a healthy mixture of large, medium sized and small companies scattered throughout the state.

As West Germany is still one of those places where it is possible for the individual with a bright idea or a good product to make—and keep—a large amount of money, the production of small and medium firms is probably a healthy indicator of the economic well-being of the state.

The industry of the inhabitants is legendary, and like their conservatism often a subject of mockery in other parts of Germany. Furthermore, the diligence of Germany's south-westerners can be backed up by statistics. No less than 47 per cent of the state's 5.15 million inhabitants are gainfully employed, against a national average of only 42.7 per cent.

Two companies in particular are of prime importance for the economy of Baden-Württemberg. They are Daimler-Benz, the world-renowned car and commercial vehicle manufacturer, and Bosch, the electrical and motor components con-

President of West Germany once said the inhabitants of Baden-Württemberg drew their character and sense of speculative imagination on the one hand and a rather pedantic accountant-like thirst for accuracy on the other. It has been argued that the combination of these qualities has behind it the continuous success of Baden-Württemberg's two major companies.

Daimler-Benz, for example was alone among the West German car manufacturers in being able to shrug off the crisis. Last year turnover at production rose to new levels and earnings, all expected to top the already excellent results of 1975.

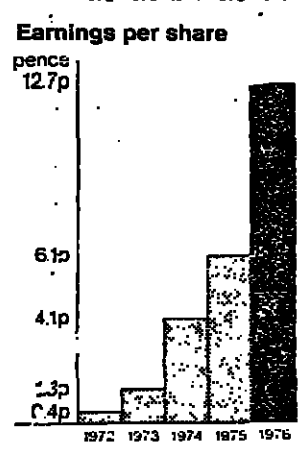
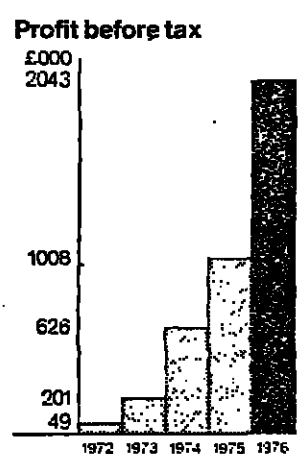
The key role played by such "blue chip" companies in the state economy cannot be overestimated. Although Daimler-Benz has long since expanded beyond the state borders, more than 70 per cent of its German workforce is still employed in Baden-Württemberg. Every twenty worker employed there works for Daimler, and the company provides more than 5 per cent of the wages earned in the state, and accounts for over 10 per cent industrial turnover in the south-west.

Daimler's success has underpinned the economic wealth of countless component manufacturers. It has been estimated that 40 per cent of a group's suppliers are based in Baden-Württemberg, of which by far the largest is Bosch. Bosch in turn employs around 60 per cent of its West German workforce in the state and it is thought that around half of its component suppliers lie within the boundaries of Baden-Württemberg.

Peter Norman

Redman Heenan International Limited

"The group achieved a much more balanced performance than in the past"



Extracts from the Review by the Chairman Mr Angus Murray

- 6 The improvement in profits now reported reflects... a continuation of benefits derived from better marketing, more efficient organisation and tighter control of working capital.
- 6 Overall the group achieved a much more balanced performance than in the past with previous loss makers returning to profits, marginal performers showing improvement and profit makers maintaining their position under the conditions which prevailed.
- 6 The diversity of engineering activities within the group has proved to be a source of strength in 1976 and should continue to stand it in good stead for the future.
- 6 Increased investment in both product development and capital equipment has been planned for 1977.
- 6 Under the management of the Chief Executive, Mr. E. Brian Gould and his team, progress will be maintained and the group can be expected to continue to grow with enhanced job opportunity and security for employees at all levels.

The activities of the group include: the design, manufacture and supply of specialised engineering products and ancillary services, including hydraulic and mechanical presses, cylinders, dynamometers and test plant, waste handling and incineration plant, drives and couplings, steel and aluminium flooring systems, conveyors, mixing machines, metal working equipment, coil handling equipment, packaged cooling towers and a wide variety of precision tooling.

Results in brief for the year ended 30th September	1976	1975
Turnover	28,889	23,757
Profit before tax and extraordinary items	2,043	1,008
Dividends per Ordinary share (gross)	2.5p	1.54p
Earnings per Ordinary share	12.7p	6.1p
Shareholders' funds	7,210	5,823
Net assets per Ordinary share	46.0p	35.4p
Borrowings as a percentage of shareholders' funds	17.3%	55.9%

To: The Secretary,
Redman Heenan International Limited,
PO Box 29, Shrub Hill Road,
Worcester WR4 9EQ.

Please send me a copy of the 1976 Report & Accounts.

Name	
Address	

BY THE FINANCIAL EDITOR

Selectivity pays off in property

Land Securities, Hammerson Stock Conversion, Allnatt London and the industrial groups, Slough Brixton and Percy Elton, fall into the safe long-term category.

Plantations

The three sisters

Unless the Malaysia-based Genting Highlands decides not to vote against the proposed merger and change of domicile of the three Harrisons & Crossfields sisters, which is unlikely, or Harrisons, which appears even more unlikely, the ambitious scheme, which is costing £300,000 in expenses, will come to nothing today, an outcome discounted in the share prices of the three sisters.

Harrisons has adopted a somewhat haughty attitude towards Genting, which seems surprising given the very large sums already invested in attempting to mount the operation, which if anything has stiffened Genting's resolve to vote against the scheme—only just over 25 per cent is necessary to abort the proposals.

At the centre of the conflict is the threat of dilution of Genting's holding, while conversely Harrisons' grip on Golden Hope, London, Asiatic and Patafing, will quite probably be strengthened.

Harrisons, with about 26 per cent of the equity of each of the three companies, could easily end up completely dominating the new Malaysian master company by controlling the United Kingdom-based mirror company, whose sole assets will be shares in the Malaysian companies.

Meanwhile Genting would be left with very much of a minority stake in the enlarged group, and considerably less potential power than it currently exercises.

Genting also argues that it bought into Golden Hope because of the prime assets and good product spread while the larger grouping would include plantations in politically sensitive areas with a top heavy product spread.

Harrisons concedes the geographical and product arguments, although it counters that this is included in the price. But unless some compromise can be reached, the whole scheme will become an expensive flop.

The extraordinary general meetings of the three sisters are held.

ue, we are nearer the re-ry in rents expected when-omic activity and thus de-1 for office and industrial-ary expansion and the-ssion of services-ements over the past three-ults in a space famine, the-imbalance of demand-upply is still only on the-om, and that horizon has-ushed further away by-ected cuts in Civil Service-lements and by the Gov-ent's plan for immediate-xtensive cuts in the activ-ty of the Property Services-ry and local authorities-ry spending.

In the latest share price- is clear that investors-ot let sentiment entirely-helm sense, and the-ly speculative stocks, such-ital & Counties, Town &-and a number of the-ompanies, whose shares-averaged during the prop-icrisis, such as Raglan and-ian, have been bypassed- selectivity should be in-creasingly important-ghout the year. Without-rticular excitement ex-3 in the physical property- only long-term holdings- stock can really be-ied on fundamental-ids at present price levels,-ds that look forward to-ual property market re- by the end of the de-er than any immediate-vement.

er is accordingly moving- o London from Frankfurt,-e is chairman of a-usiness acquired by SGI-973. He settled in- Germany after being-iled from the army only- that there was not much- for him in Britain.

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enlightening. Third, it did not particularly take to the concept of the floating rate capital note. What happens to the capital notes is going to be one of the more fascinating aspects of the scheme. The floating rate concept on medium-term paper is novel for most conventional British institutions and one at which they instinctively recoil. Quite simply, they prefer, where possible, to be able to feed fixed rates of return into their projections. It may be that time will change that view, but it is hard to see it happening during a period when the trend in interest rates is downward.

It could prove, then, that come mid-March when dealers are expected to start, many institutional holders will want to unload their capital notes—free of gains tax for gross funds—and reinvest the proceeds elsewhere, even in GEC equity. The comfort in this respect is that there should be a ready market for the loan notes elsewhere, particularly among the multinational and overseas banks operating in the international markets in which floating rate paper is commonplace. That, moreover, could be viewed as no bad thing to the extent that it develops an international taste for GEC paper, for the indications are that over the next few years international investors may well be asked to subscribe for appreciable amounts of GEC paper in the form of equity for any new overseas holding companies.

Thos W. Ward
Still highly geared

The collapse in scrap prices which started in Thos W. Ward's final quarter and continued unchecked, has wiped out much of the optimism expressed at the group's interim stage. With virtually all the 17.5 per cent improvement in full year pre-tax profits coming from an £800,000 improvement in provisions, contributions (mainly Tunnel Holdings) to £2.8m and a modest cut in interest charges to £4m, Ward is still in the firm grip of its own gearing problems.

Ranking February's £6m rights proceeds as a repeat of the £3m cash from the previous year's Marshall-Powder sale to support heavy spending on the construction side has helped bring down the borrowing ratio from 112 per cent to a slightly more acceptable 83 per cent.

But the prospects for paring this back further in the current year must be fast diminishing. Severe restrictions on capital spending during the past two years have left precious little fat on the bone while without a strong boost in the general level of economic activity even a repeat of this year's profit performance may be hard to achieve.

The group is forecasting little more than a repeat of last year's performance in construction, while competition and low demand for scrap which have resulted in prices falling 40 per cent since July, may assure badly for the iron and steel sector.

At 42:1p a 11p fall on Friday the shares yield 13.2 per cent and are on an historic o/e ratio of around 51—a duly cautious rating given the immobility of current share trading. Meanwhile Ward is currently showing a book loss of some £4m on its 25.6 per cent Tunnel stake.

Final: 1975-76 (1974-75)
Capitalization £22m
Sales £229m (£205m)
Pre-tax profits £8.1m (£6.9m)
Earnings per share 7.8p (6.8p)
Dividend gross 5.63p (5.63p)
* On increased share capital

retire until the end of this year, there is already speculation in Frankfurt and Bonn over his successor.

In one sense the flurry of rumour is understandable. As the West German central bank is constitutionally independent of the government, its president is a very important man. He can to a very large extent direct German economic and monetary policy for up to eight years without having to worry about the electorate.

Klasen, despite the aristocratic bearing and habits that are only to be expected from a former top executive of the Deutsche Bank, is a member of the Social Democrat Party and not surprisingly the SPD is keen to see one of its own installed in the presidency of the Bundesbank when he goes.

The present spate of rumours is merely symptomatic of the jockeying for position going on under the surface.

It has been suggested that Chancellor Schmidt's first choice would be a top commercial banker with a top understanding of monetary affairs.

But of the three most eminent candidates—Walter Fesselbach of the Bank für Gemeinwirtschaft, Jürgen Ponto of the Dresdner Bank and Wilfried Guth of the Deutsche Bank—the first two have shown no inclination to move to the central bank while Guth is thought to sympathize with the opposition Christian Democrat Party.

Another name put forward is that of Karl-Otto Pöhl, at present state secretary in the Finance Ministry and conveniently a member of the SPD.

It is said by some who have been availing themselves of the chance to use the Treasury's computer forecasting model that, almost whatever assumptions are fed into the system, the answer comes up with a strong growth of exports.

To the extent that this bias is a fact, it would explain the way in which Chancellor after Chancellor nails his flag to virtuous export led growth and, time and again, disappointed.

Since growth in export volume is so central to present economic policy, it might be worth suggesting areas which may account for this apparently regular export led growth. At the heart of the argument about whether effective devaluation of the exchange rate is a sufficient or a necessary condition of improved economic performance.

Well, at least, the 1967 devaluation there have been sterling voices drawing attention to the workings of the J-curve. The choice of the symbol "J" implies faith that the downwards part of the graph following

derivation will be short and sharp, before it is overtaken by the long upwards trend, resulting from increased competitiveness in world markets more than compensating for the initial deterioration in the terms of trade.

Experience indicates more of a V-curve would be a more appropriate choice of symbol with a much longer period before the benign influences take charge.

Logic, of course, insists that countries, whose exchange rate produces a result that makes its products increasingly uncompetitive, must in time lose its share of the various world markets for its products. And vice versa.

Any failure of the real world to behave logically must, therefore, have to do with institutional and organizational frictions which slow, or resist entirely, the hypotheses of economics. The observer of the industrial and economic scene is daily fed snippets of information which indicate where some of these frictions may lie.

Mr Jimmy Carter, the President-elect, proposed a modestly stimulative package of economic measures on Friday that will undoubtedly serve to brighten the United States economy's prospects.

Indeed the new year has started with most Americans in a more cheerful mood about the outlook for their nation's economy.

Surveyors of businessmen and consumers are showing mounting confidence, as do the views of the experts, with Mr William Simon, the Secretary of the Treasury, noting that "a healthy, balanced expansion is now under way."

Joining the bullish chorus and reflecting widespread views among American economists today are the professionals at the Argus Research Organization, who say that "1977 should turn out to be a rather good year—no problem (at least early in the year), unemployment comes down and business activity in general posts some fairly good gains."

Another optimist is Mr Tilford Gaines, chief economist of the Manufacturers Hanover Trust, who notes that "if we should have learnt anything throughout history it is that when the future looks certain it probably is not."

American economists are once again publishing forecasts with great confidence, despite having been sadly wrong in their predictions in 1974 and 1975. The forecasts for the overall rate of economic activity in 1976 were, in fact, surprisingly accurate, even though nobody predicted that the first quarter would see an extremely sharp growth rate with the economy developing at a sluggish pace for the remainder of the year.

There are still a few pessimistic voices to be heard. Chase Economists Associates, for example, believes that the economy will run into serious difficulties in the late summer and that 1978 could see another recession.

It is now the widespread view that gross national product will grow in real terms this year by about 5 per cent, compared with an annual growth rate of about 4 per cent for the past six months.

Most forecasters accurately predicted that Mr Carter would propose about \$15,000m of stimulus for the economy this year and thus the export restrictions might take into account the likely effect of measures that the next President broadly outlined on Friday.

The forecasters assume that such a growth rate will result in a decline of 1 to 1.5 per cent in the balance of payments over the next 12 months from today's level of about 8 per cent. Also,

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Undaunted by the popular image of the European Community as a frail craft struggling unsuccessfully to chart a new course through the towering waves of unemployment and economic recession, a group of young enthusiasts in Brussels are preparing for an equally gruelling sea voyage.

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They are keeping their fingers crossed, however, that the symbolism of the long hazardous sea voyage will fall short of some of the less attractive aspects of Community life in Brussels.

Hugh Stephenson

Not by exports alone

Take the motor car industry, for example, because it is important and because its import and export record are so constantly paraded before us by the various interest groups. Chrysler has a very successful car, the Alpine, a recent "car of the year". It is imported into this country. If all goes well, it may in a year or two be increasingly assembled and then manufactured here. Meanwhile, however, devaluation of the pound can only increase the trade deficit by each further successful Alpine sale.

Similarly, Vauxhall, the British part of General Motors, is building up its share of the British market with the Cavalier, imported from Belgium. It is another example of the fact that internationally integrated business now has marketing strategies and production schedules, rationally chosen, which cannot be altered at a moment's notice to take account of subsequent shifts in relative exchange rates.

Or take GEC, simply because it is in the news. Its international scheme to increase its effective dividend. Sir

Arnold Weinstock seems to be saying that as one of the handful of the best managed companies in the country and with the mix of products that it has to offer, and despite the hugely advantageous exchange rate shift in 1976, substantial further development of business outside the United Kingdom has to be by acquisition and joint venture, and not by domestic investment and export. If that is his conclusion, all experience would indicate that he is right.

As more and more of international production becomes concentrated in the hands of integrated international groups, the sensitivity of world trade shares to short-term exchange rate changes will come closer to zero; and to medium and long-term changes will be heavily damped.

Quite apart from the argument about import quotas and the siege economy, governments in second rank industrial countries will have to become as concerned with intra-group trading practices and patterns as the governments of so-called developing countries have been in the past.

Some experts fear a revival of inflationary pressures later in this year which would undermine business confidence, produce a sharp rise in interest rates, and lead to a slowdown in the economy's growth rate. Rising inflationary pressures could also undermine consumer spending and so contribute to a weakening of the economy.

The new programme outlined by Mr Carter involves a diverse package of tax cuts to start followed by a wide range of special job creating programmes. The stimulative effect of the job programmes is unlikely to be great. But the tax elements are likely to have only a fairly short-run inflationary impact.

Thus there is the possibility that trade unions and liberal Democrats may start calling for more deflationary measures by the late summer and who can tell how President Carter will respond?

It would seem on the basis of the tough team of fiscal conservatives that now surround Mr Carter that any further inflationary pressure will be staunchly resisted. A clearer indication of his likely course will come in the next month or two when the new President makes his own proposals for next year's budget. These proposals will show just how earnest he is about his election campaign pledge to bring about a balanced federal budget.

Should Mr Carter bow to the likely deflationary pressures that may come later in the year then the prospect of a balanced budget within a few years will fade. Much more important, to how to such deflationary pressures and permit a further significant swelling of the budget deficit, could well result in new inflationary fears coming to the fore, especially as the additional deflationary measures will take industrial capacity utilization levels back to high rates.

It greatly depends on Mr Carter's actions in the coming months whether inflation will or will not become the critical economic problem to face America during 1978.



Michael Blumenthal (left), Mr Carter's nomination to take over as Treasury Secretary from William Simon (right): 'a healthy, balanced expansion is now under way'



on October 1, is likely to see moderate growth in all areas of public expenditure. Total American federal government spending in the present fiscal year, including the new proposal made by Mr Carter, will probably be about \$425,000m and result in a deficit of about \$60,000m to \$70,000m.

Frank Vogl

The Department of Defence will undoubtedly catch up with its recent lagged spending performance and so provide a boost to sales by America's vast military equipment industry. Besides having a generally stimulative effect, the budget will provide particular assistance, because of special programmes, to employment and to the still depressed construction industry.

The course that monetary policy will take is difficult to predict. Dr Arthur Burns, the chairman of the Federal Reserve System, has said repeatedly that he wants to see a slower pace of growth in the money supply to ensure long-term price stability.

If he insists upon this course, then it is unlikely that the actual money supply growth rate will exceed the 5 per cent M1 and 9.8 per cent M2 levels of 1976.

However, the Fed is likely to experience much White House pressure to ensure a moderation of interest rate increases. Also, it may become more relaxed about inflation if further progress is made on this front, which, given the large productivity gains of the past year and the fairly low level of wage and oil price increases, is possible in the immediate future.

Argus Research predicts that money supply growth will be greater this year than has been seen for some time, with M1 growing by 6.9 per cent and M2 rising by 10.8 per cent.

Corporate profits have recovered strongly from their depressed 1975 level, but the 30 per cent gains seen in 1976

are unlikely to be repeated. Company profits are widely seen as rising some 10 to 14 per cent this year.

Companies are likely to move ahead cautiously with capital investment plans, perhaps becoming more confident as the year develops. Surveys suggest that business fixed investment spending will rise in real terms by some 5 to 8 per cent.

Consumer spending is seen by almost all economists as continuing to move ahead, albeit more moderately and to provide the main fuel for greater economic growth in the months ahead. The reduction in the inflation rate has resulted in a strengthening of real disposable income levels.

New car sales last year reached 10 million units from 8.5 million in 1975 and may total 10.5 million in 1977. New housing starts also seem set for further increases, possibly reaching an annual rate late next year of two million units, compared with a rate recently of about 1.7 million. Gains in sales of most durable and non-durable goods should be seen.

The heavy level of public sector borrowing, combined with rising general loan demand, should result in a rise in short-term interest rates. Fed policy will determine just how large the rises will be. Many bankers expect the prime rate to climb by between 1 per cent and 2 per cent over the next year from the 6 per cent to 6.25 per cent level now prevailing.

With nobody seeing dramatic gains in either consumer or business demand for goods it is likely that business inventories will rise on a much more steady course than was seen over the past 18 months. The gradual upswing in inventory accumulation and in the economy's general growth rate will receive further support when Mr Carter's deflationary programme starts to have a visible effect on the economy in the second and third quarters of this year.

The outlook is bright for at least the next six months, but it is somewhat cloudy for the remainder of 1977. The performance of the economy in the second half of the year will undoubtedly be heavily influenced by inflationary and government policy factors, that cannot be realistically predicted at present.

A key factor will be the result of the United States harvest and its likely impact on food prices. Another important consideration is world commodity prices, notably oil prices, and their influence, together with that of increased world demand, on the prices of other raw materials.

The Fed's policies, as domestic money market pressures grow later this year, together with the quite unpredictable White House and congressional responses to a continuation of high unemployment, will all have a big effect on business and consumer sentiment.

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Business Diary in Europe: Returned to sender

ud Fraser's career has almost as full of twists and turns as that of some stock in trade, exotic or wise rare stamps. March Fraser is to succeed John Webb on the latter's death as a deputy chairman of the quoted stamp Stanley Gibbons International.



By 1963 he had so many stamps, particularly from the Far East, that he started a dealing business whose acquisition took Gibbons into Europe and him on to the group board. Fraser is keen to expand the group and says there are "good prospects" of opening further offices in France and in Switzerland.

He is still chairman of the Frankfurt business, Stanley Gibbons Merkur, although day-to-day running is in the hands of Horst Pröschold, a philatelist and auctioneer, and Peter Hawnasky, the administrator.

Germany as a soldier in the last days of the war. He served with the Gordon Highlanders, became a Commando, and fought fascists during the war and Communists after it, while serving in Greece.

In postwar Germany Fraser managed to have returned to him his mother's family's furniture making business, confiscated by the Nazis. As he prospered, he returned to a pre-war hobby, stamp collecting.

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Fraser has sold one German furniture firm and would have sold the remainder (for Germany) if it were not for the fact that it was not for him in Britain.

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Lire luggage

A court hearing at San Remo tomorrow should throw light on one of the stranger cases of alleged violation of foreign exchange regulations to come up in Italy in recent years.

Carlo Aloisi, 69, of Rome, is accused of trying to take promissory notes, to the reported value of 2,700m lire (about £1.8m), illegally out of the country.

Not that there is anything unusual about currency smuggling out of Italy. On the contrary, the chronic lack of confidence of Italians in the political and economic outlook at home has resulted in thousands of millions of lire finding its way illegally abroad over the years.

But Aloisi is deputy chairman of Istituto Bancario Italiano, one of the biggest private banks and part of the empire of the cement king Carlo Pesenti.

The promissory notes were found in Aloisi's briefcase when he tried to cross the frontier just before the new year on his way to Monte Carlo, where he has local banking interests.

In any event, the view is expressed in the Italian press that there is more behind the case than has yet come out.

Elson & Robbins

(PVC foam - Spring units - Products for domestic appliance industry Heating and ventilating products - Partitioning)

Pre-tax profits have exceeded £1 million for the first time

reports Eric R. Keeling, the Chairman

- It is particularly pleasing to be able to report that Elson & Robbins Limited achieved record sales and profits for the year ended 30th September 1976.
- Total turnover rose 26%, and pre-tax profit at £1,140,268 shows an increase of 41%.
- A final dividend of 1.702p per share net, making a total of 2.802p net—the maximum permitted—is recommended.
- The turnover of the parent company showed a substantial improvement mainly as a result of increased sales in the Metal division coupled with a recovery of the motor industry.
- Our subsidiary, Domestic Industrial Pressings Limited, commenced production of a mobile, bottled-gas heater called the Première in September 1976 and we expect this diversification to show major benefits in the current year. Production of this heater currently represents over half of this company's activity.
- Thomas K. Webster (UK) Limited, acquired in 1973, is now making a useful contribution to the group's profitability. The main growth area in the past year has been in extending our share of the twin-wall flue market.
- Provided there is no serious deterioration in the economic climate, the group is in a good position to maintain and strengthen its activities and also to take advantage of expanding export opportunities. In the absence of unforeseen circumstances, the board is therefore likely to be able to report another increase in both sales and profits for the year ahead.

Comparative results	Yr. to 30.9.76	Yr. to 30.9.75	Yr. to 30.9.74
Turnover	£9,964,551	£7,907,543	£6,947,973
Profit after taxation	£552,472	£389,682	£460,803
Total dividend (net)	2.802p	2.547p	2.387p
Earnings per share	8.31p	5.84p	6.92p

Copies of the Report and Accounts are available from The Secretary, Elson & Robbins Limited, Portland Mills, Bennett Street, Long Eaton, Nottingham, NG10 1HP.

ing of valuation data: 1 Monday (2.7%); 2 Wednesday (2.4%); 3 Thursday (2.5%); 4 Friday (2.5%); 5 Saturday (2.4%); 6 Sunday (2.4%); 7 Monday (2.4%); 8 Tuesday (2.4%); 9 Wednesday (2.4%); 10 Thursday (2.4%); 11 Friday (2.4%); 12 Saturday (2.4%); 13 Sunday (2.4%); 14 Monday (2.4%); 15 Tuesday (2.4%); 16 Wednesday (2.4%); 17 Thursday (2.4%); 18 Friday (2.4%); 19 Saturday (2.4%); 20 Sunday (2.4%); 21 Monday (2.4%); 22 Tuesday (2.4%); 23 Wednesday (2.4%); 24 Thursday (2.4%); 25 Friday (2.4%); 26 Saturday (2.4%); 27 Sunday (2.4%); 28 Monday (2.4%); 29 Tuesday (2.4%); 30 Wednesday (2.4%); 31 Thursday (2.4%); 32 Friday (2.4%); 33 Saturday (2.4%); 34 Sunday (2.4%); 35 Monday (2.4%); 36 Tuesday (2.4%); 37 Wednesday (2.4%); 38 Thursday (2.4%); 39 Friday (2.4%); 40 Saturday (2.4%); 41 Sunday (2.4%); 42 Monday (2.4%); 43 Tuesday (2.4%); 44 Wednesday (2.4%); 45 Thursday (2.4%); 46 Friday (2.4%); 47 Saturday (2.4%); 48 Sunday (2.4%); 49 Monday (2.4%); 50 Tuesday (2.4%); 51 Wednesday (2.4%); 52 Thursday (2.4%); 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